THE WALL STREET JOURNAL.

DOW JONES | News Corp * * * * * MONDAY, OCTOBER 9, 2023 ~ VOL. CCLXXXII NO. 84 WSJ.com ★★★★ $5.00

Last week: **DJIA** 33407.58 ▼ 99.92 0.3% **NASDAQ** 13431.34 ▲ 1.6% **STOXX 600** 444.93 ▼ 1.2% **10-YR. TREASURY** ▼ 1 19/32, yield 4.783% **OIL** $82.79 ▼ $8.00 **EURO** $1.0590 **YEN** 149.30

Israel and Hamas Battle, Death Toll Rises

Iran security officials helped plan assault at meeting last week, militant groups say

DUBAI—Iranian security officials helped plan Hamas's Saturday surprise attack on Israel and gave the green light for the assault at a meeting in Beirut last Monday, said senior members of Hamas and Hezbollah, another Iran-backed militant group.

By Summer Said, Benoit Faucon and Stephen Kalin

Officers of Iran's Islamic Revolutionary Guard Corps had worked with Hamas since August to devise the air, land and sea incursions—the most significant breach of Israel's borders since the 1973 Yom Kippur War—those people said.

Details of the operation were refined during several meetings in Beirut attended by IRGC officers and representatives of four Iran-backed militant groups, including Hamas, which holds power in Gaza, and Hezbollah, a Shiite militant group and political faction in Lebanon, they said.

U.S. officials said they haven't seen evidence of Tehran's involvement. In an interview with CNN that aired on Sunday, Secretary of State Antony Blinken said: "We have not yet seen evidence that Iran directed or was behind this particular attack, but there is certainly a long relationship."

A European official and an adviser to the Syrian government, however, gave the same account of Iran's involvement as the senior Hamas and Hezbollah members did.

Asked about the meetings, Mahmoud Mirdawi, a senior Hamas official, said the group planned the attacks on its own. "This is a Palestinian and Hamas decision," he said.

A spokesman for Iran's mission to the United Nations said the Islamic Republic stood in support of Gaza's actions but didn't direct them.

"The decisions made by the Palestinian resistance are fiercely autonomous and un-

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FROM TOP: FATIMA SHBAIR/ASSOCIATED PRESS; JACK GUEZ/AFP/GETTY IMAGES

Fire and smoke rose in Gaza City, above, on Sunday following an Israeli airstrike in retaliation for the early Saturday multifront attack on Israel by Hamas militants. At left, a burned car sat on the side of a road Sunday near the southern Israeli city of Sderot. Israeli Prime Minister Benjamin Netanyahu warned of a 'long and difficult' war ahead.

Militants' incursions from Gaza trigger counterstrikes and declaration of war

TEL AVIV—Israeli troops struggled into the early hours Monday morning to regain control of swaths of the country's south and prevent further in-

By Stephen Kalin, Dov Lieber and Anas Baba

cursions, a day after the Hamas militant group launched a surprise coordinated attack from Gaza that killed hundreds and triggered deadly counterstrikes as well as a declaration of war.

The last infiltrators from Gaza were being hunted down with the task expected to take at least a few more hours, military spokesman Jonathan Conricus said in a livestream on social media X, around 2 a.m. local time Monday.

Throughout Sunday, the Israeli government was still working to evacuate civilians from towns and villages near Gaza, a densely populated Palestinian enclaves, and authorities worked to treat hundreds of wounded civilians, recover the bodies of the dead and try to determine how many Israelis were being held hostage.

More than 700 Israelis have been confirmed dead, and 2,408 wounded, according to Israel's Army Radio. At least 413 Palestinians have been killed and around 2,300 injured in Israeli counterstrikes on Gaza, according to the Palestinian Health Ministry.

The Israeli cabinet approved the declaration of war after Prime Minister Benjamin Netanyahu announced Saturday a call-up for hundreds of thousands of military reservists, saying in a televised address: "We are at war and we will win it."

Iran-backed Hamas said it had been able to send additional men and weapons into Israel on Sunday, and it launched a fresh barrage of missiles from Gaza. Abu Obeida, a spokesman for the group's armed wing, said the militants had killed more Israe-

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'We Are Going to Die,' She Texted

Minutes after Palestinian militants began pouring out of Gaza on Saturday morning,

By David S. Cloud, Anat Peled, Chao Deng and Dov Lieber

Aharon Shem Tov started receiving frantic texts from his 22-year-old daughter, Inbar, saying she was pinned down by gunfire and hiding from the attackers in a dumpster.

"Everything is OK," she whispered in Hebrew, giving a thumbs-up, in a brief video she sent him at 8:45 a.m. that showed her and five others nestling in the open container alongside trash bags. He grabbed his gun and began a panicked four-hour drive from Tel Aviv to the location in southern Israel where his phone showed his daughter was.

But at 11:40 a.m. she texted: "we are going to die." It was the last time he heard from her.

"Maybe the terrorists took her or she ran away, I don't know," said Shem Tov, who saw 30 dead bodies after he finally arrived. None of them was his daughter.

In one of the worst 24 hours in Israel's history, hundreds of Israelis were killed or taken hostage while others huddled in their homes and shelters as gunmen from the Palestinian militant groups Hamas rampaged through towns and overran military bases.

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Activist Peltz Pushes For Disney Board Seats

BY LAUREN THOMAS AND ROBBIE WHELAN

Nelson Peltz is planning a fresh push for board seats at **Walt Disney** following a relentless slide in the entertainment giant's shares.

The activist investor's **Trian Fund Management**, now one of Disney's largest investors, with a stake valued upward of $2.5 billion, is expected to request multiple seats—including one for Peltz, according to people familiar with the matter.

If the company says no, Trian could nominate directors that would be voted on at Disney's annual meeting next spring. The window for shareholder nominations runs from Dec. 5 through Jan. 4, according to Disney proxy materials.

Peltz launched a run for a seat on Disney's board earlier this year after the company

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INSIDE

VERONICA G. CARDENAS FOR WSJ

U.S. NEWS
Biden administration's border-wall plans meet with resistance in Texas. **A3**

Home Depot Probed Crime Ring And Found an Unusual Suspect

BY INTI PACHECO

Robert Dell ran a drug recovery program for years at what was known as The Rock Community Church and Transformation Center in St. Petersburg, Fla. On the side, prosecutors said, Dell also ran an organized retail-crime ring.

The pastor had been working as a fence, the middleman buying stolen goods from thieves and reselling them for a profit, according to prosecutors. Dell was telling people who went to his recovery program to steal tools like drills and pin nailers from **Home Depot** stores all over Florida and drop them off at his home. Using **eBay**, he sold $3 million of items online since 2016, Home Depot and a search warrant affidavit said.

Dell and four other people, including his wife and mother, were arrested in early August in Tampa, Fla., after a seven-month investigation in which Home Depot collaborated with Florida law enforcement. Dell is now facing charges including racketeering, conspiracy to commit racketeering and dealing in stolen property.

Dell, 57 years old, has pleaded not guilty to the

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What's News

Business & Finance

◆ **Nelson Peltz** plans a fresh push for board seats at Disney following a relentless slide in the entertainment giant's shares. **A1**

◆ **The steep declines in** prices of Treasurys are forcing markets to confront the possibility that the rates required to place the supply of bonds will be higher than anyone expected. **B1**

◆ **High interest rates,** driven by the Federal Reserve's higher-for-longer policy, are shaking up how corporate loans get done, throwing into relief the role played by private-credit funds. **B1**

◆ **Bristol Myers Squibb**, the biopharmaceutical company, will acquire Mirati Therapeutics in a transaction that values the oncology developer at up to $5.8 billion. **B1**

◆ **Investors worried** about the recent pullback in stocks are counting on the coming earnings season to give them something to get excited about amid anxieties over the Fed's attitude to interest rates. **B2**

◆ **Intercontinental Exchange** has plowed more than $23 billion into an ambitious, years-long bet to overhaul the plumbing of the mortgage market, closing its biggest mortgage deal so far last month. **B1**

◆ **Amid a strong labor** market overall, employment opportunities for information technology professionals appear poor, according to an analysis by Janco Associates, which tracks federal data. **A3**

World-Wide

◆ **Israeli troops struggled** to regain control of swaths of the country's south and prevent further incursions, after the Hamas militant group on Saturday launched a surprise coordinated attack from Gaza that killed hundreds of people and triggered deadly counterstrikes as well as a declaration of war. **A1, A8-9**

◆ **Iranian security officials** helped to plan Hamas's Saturday surprise attack on Israel and gave the green light for the assault at a meeting in Beirut last Monday, according to senior members of Hamas and Hezbollah, another militant group that is backed by Iran. **A1**

◆ **Rescue workers searched** for survivors in western Afghanistan after powerful earthquakes killed at least 2,445 people and injured thousands more, in one of the deadliest seismic disasters to hit the country in recent decades. **A7**

◆ **Russia, expelled from** the United Nations Human Rights Council last year, is seeking to rejoin the Geneva-based body, defying Western nations' efforts to isolate the country over its invasion of Ukraine. **A7**

◆ **West Maui officially** reopened to tourists two months after a firestorm incinerated the town of Lahaina and killed at least 98 people. **A5**

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JOURNAL REPORT
Investing Monthly: Tax moves to make now. **R1-6**

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Taylor Swift Brings Together NFL Dads and Daughters

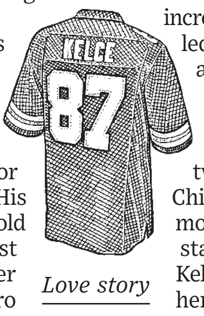
* * *

Families forge new connections over Chiefs games; 'What does a tight end do?'

BY JULIA MUNSLOW

Eric Bolash had stepped away from his usual viewing of the NFL Sunday game when he heard his daughter utter a sentence that he never thought he'd hear her say.

"Hey Dad, the Jets scored!" Risa Bolash called out from their living room in Raleigh, N.C. It felt like a surreal moment for the 54-year-old: His daughter—a 22-year-old pop-culture enthusiast who hadn't taken after his passion for pro sports—had decided to watch a football game with him for the first time. The reason? To catch a glimpse of Taylor Swift.



Love story

Fathers and their young daughters have been surprised and delighted to see their seemingly divergent interests—football and Swift—suddenly collide on television screens across America for "Sunday Night Football." Devoted Swift fans randomly inquiring "When's the game?" have been met with fathers who are first incredulous, and then tickled, that their daughters actually want to hang out and watch football with them.

Swift appeared at two recent Kansas City Chiefs games amid rumors that she's dating star tight end Travis Kelce. Broadcasts showed her sitting with Kelce's mother, Donna, for the Chiefs-Chicago Bears blowout in Kansas City, and then with several other celebrities, including Blake Lively, Ryan Reynolds and Hugh Jackman, for their matchup with the Jets in New

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VISIT…

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U.S. NEWS

THE OUTLOOK | By Sarah Chaney Cambon

Big Bankruptcies Boost Economic Fears

Business bankruptcies are rising briskly. What's even more worrisome: Many of the troubled companies are large.

Corporate behemoths including SVB Financial, **Bed Bath & Beyond** and Yellow sought chapter 11 bankruptcy protection this year. The filers blamed elevated inflation, higher interest rates, waning government aid and lingering supply-chain disruptions. More corporate filings are likely on the way as high interest rates push big companies over the edge.

While any type of bankruptcy signals distress, large-business bankruptcies carry particularly significant economic risks. They can send a chill through financial markets, involve tens of thousands of job losses or, in the case of Lehman Brothers in 2008, remove all doubt that an economic downturn is under way.

Indeed, the collapse of trucking company Yellow this summer reverberated across the economy, from domestic shipping and real-estate markets to Wall Street.

To be sure, the rise in business bankruptcies is a far cry from the 2008 financial crisis or the 2020 pandemic downturn, when widespread layoffs led to economic pain. Big-business bankruptcies were unusually low last year, so some of the increase reflects a normalization.

The economy is still growing as consumers splurge and businesses snatch up workers. Employers added a surprisingly robust 336,000 jobs in September, with hiring widespread across industries.

But big chapter 11 filings—which, by one estimate, tripled in the first half of this year compared with the same period last year—come alongside rising economic risks. Households are running down pandemic savings, banks are pulling back on lending and bond yields are surging, all of which could curtail growth.

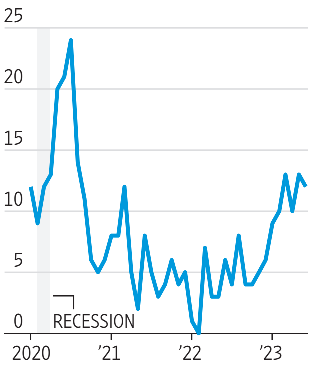
The rise in corporate bankruptcies "is a worrying sign for the outlook," said Stephen Brown, deputy chief North America economist at Capital Economics. "Businesses that go bankrupt still have to cut costs, they still have to probably lay off workers."

The unemployment rate held at 3.8% last month, up from half-century lows of 3.4% logged earlier this year. And while job growth overall remains strong, there are indications that it is weaker at big companies than small ones. Payroll-processing company ADP, which conducts its own tally of monthly payrolls, said large private companies shed 83,000 jobs in September. Employment at these larger companies is down by 150,000 from January.

"Mega bankruptcies," or those filed by companies with more than $1 billion in assets, hit 16 in the first half of this year, surpassing the comparable half-year average of 11 from 2005 through 2022, according to consulting firm Cornerstone Research. SVB Financial Group, the parent company of Silicon Valley Bank, was the biggest corporate bankruptcy, with nearly $20 billion in assets at the time of its filing, Cornerstone said.

SVB's financial distress quickly spread, creating

Large corporate bankruptcy filings



Note: Includes chapter 11 bankruptcy filings among companies with over $100 million in assets. Monthly data, through June

Source: Cornerstone Research analysis of BankruptcyData.com data

heightened fears of a recession and forcing the Federal Reserve to step in to reassure markets. The SVB collapse triggered a pullback in bank lending that continues to pose an economic threat.

Consumers likely noticed Bed Bath & Beyond stores closing in local shopping centers, after the company filed for bankruptcy and announced plans to close stores across the U.S.

Yellow, one of America's largest trucking companies, filed for bankruptcy this summer. The company's shutdown translated to a loss of some 30,000 jobs, the single largest at a company since Boeing at the end of 2020 announced it would cut its workforce by around 30,000, according to Challenger, Gray & Christmas, an outplacement-services firm.

Job cuts across the U.S. remain historically low. The trajectory of the labor market remains key to whether the Fed can bring down inflation to its target of 2% without causing a recession, a so-called soft landing.

With inflation falling, many economists are more hopeful that a soft landing can occur than they were at the start of the year. Others, though, aren't so sanguine.

More bankruptcies, along with a weakening stock market and rising credit-card delinquencies, suggest the U.S. economy is heading for a recession, said Steven Blitz, chief U.S. economist at GlobalData TS Lombard. He thinks a downturn will still be far less severe than the 2007-09 recession.

"You're not going to see the kind of bankruptcies and balance-sheet stress that you saw during that period," Blitz said. The recent rise in bankruptcies doesn't mean "the economy is heading into some doom-death loop."

Chapter 11 filings have risen during periods of growth, at times indicative of turmoil concentrated within industries rather than widespread weakness. Such was the case in 2015 and 2016, when a slump in oil prices drove a wave of oil-and-gas bankruptcies, but the U.S. economy grew steadily.

Big businesses that loaded up with debt when interest rates were extremely low are among the most vulnerable as the economy slows and interest rates remain high.

"Companies have been surviving the past few years by taking advantage of the ultralow interest rates," said Amy Quackenboss, executive director at the American Bankruptcy Institute. "But many of these corporations are seeing those loans come due now, and they're struggling to refinance because the interest rates now are significantly higher."

Seniors With Money to Spend Buoy Consumer Activity

By Gwynn Guilford

Why has consumer spending proved so resilient as the Federal Reserve has raised interest rates? An important and little-appreciated reason: Consumers are getting older.

In August, 17.7% of the population was 65 or older, according to the Census Bureau, the highest on record going back to 1920 and up sharply from 13% in 2010. The elderly aren't just more numerous: Their finances are relatively healthy, and they have less need to borrow, such as to buy a house, and are less at risk of layoffs than other consumers.

This has made the elderly a spending force to be reckoned with. Americans 65 and up accounted for 22% of spending last year, the highest share since records began in 1972 and up from 15% in 2010, according to a Labor Department survey of consumer expenditures.

"These are the consumers that will matter over the coming year," said Susan Sterne, chief economist at Economic Analysis Associates.

"Our large share of older consumers provides a consumption base in times like today when job growth slows, interest rates rise and student-debt loan repayments begin again," she said.

Seniors' high spending propensities reflect health, wealth and perhaps lingering psychological effects of the pandemic.

"All my life it was, save for this, save for that," said Maureen Green, 66, of Cape Cod, Mass. "Now there's money in the bank and I'm spending in ways that bring me closer to friends and family than I did before."

Green, a real-estate agent with four grown kids living across the country, estimated she is spending 25% more and twice as much time traveling now compared with 2019.

"The one million Americans who didn't survive Covid—that's part of it. That taught me not to let time go by because before I know it, that time won't be there anymore," she said.

"The lifestyle of the senior has changed dramatically—they're more active than ever," said Marshal Cohen, chief retail adviser of Circana, a research firm specializing in consumer behavior. That has expanded the menu of recreation on which to spend, he said.

The average household led by someone 65 and older spent 2.7% more last year than in 2021, adjusted for inflation, according to the Labor Department, compared with 0.7% for under-65 households. Spending by older households is up 34.5% from 1982, compared with 16.5% for younger households.

Comparable data isn't available for 2023. However, consumers older than 60 reported spending 7.9% more in August than a year earlier, compared with a 5.1% increase among those age 40 to 60 and a 4.6% gain for younger consumers, according to a survey by the New York Fed. The data aren't adjusted for inflation.

The growing yen to spend by the elderly is amplified by their sheer numbers. The unusually large cohort of baby boomers, the youngest of which are 59, are reaching their retirement years.

Another factor in the elderly's favor: relatively strong finances. Americans 70 and older now hold nearly 26% of household wealth, the highest since records began in 1989, according to the Federal Reserve.

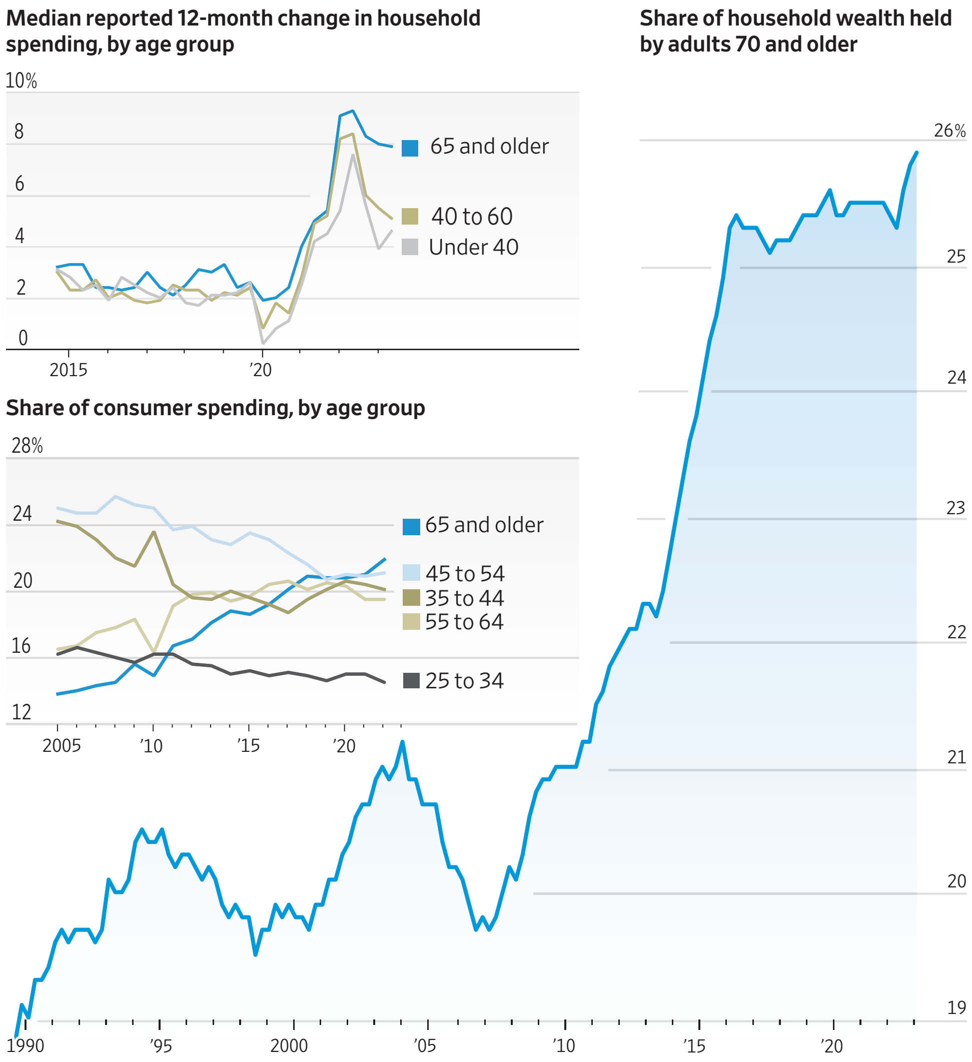
While economists still see a relatively high probability of recession in the coming year, Ed Yardeni, president and chief investment strategist of Yardeni Research, isn't one of them. An important reason: By the Fed's reckoning, baby boomers alone have now amassed $77.1 trillion in wealth.

"There's a $77-trillion-wide hole in the theory that consumers' running out of pandemic savings will sink the economy," Yardeni said.

They have less consumer debt, minimal student debt and are more likely to own their homes outright. Many of those who have mortgages refinanced at the unprecedented low in mortgage rates after the pandemic hit. They are also less likely to need to move due to an expanding family or a new job than Gen Z and Millennials, shielding them from the impact of rising housing costs.

Retirees also received an 8.7% cost-of-living-adjustment bump to Social Security payments in January, the largest single-year increase since 1981, and an automatic adjustment to offset last year's 9.1% inflation peak.

These factors have cushioned seniors from the twin scourges of inflation and high interest rates. And because most of them are retired, seniors' spending is less vulnerable to the rise in unemployment that many economists anticipate in coming quarters.



Sources: Survey of Consumer Expectations, 2013-2023 Federal Reserve Bank of New York (household median spending); Federal Reserve Board of Governors (wealth for 70 y.o.+); Labor Department (consumer spending)

NFL Dads Bond With Swifties

Continued from Page One

Jersey. According to NBC, the Chiefs-Jets game was their most-watched Sunday show since the Super Bowl LVII in February, averaging about 27 million viewers.

During the games, young Swift fans identify lyric-related puns from commentators about the pop star, while adoring dads teach their daughters more about the sport they love.

"My hero is going out with this big NFL guy," said Risa Bolash, a longtime Swiftie. "So I started asking my dad questions about the game, like 'What does a tight end do?'"

Her dad, who is an Anglican priest, said: "This was just this kind of new, unexpected meeting place to hang out and laugh and talk."

NBC reported an increase of approximately 2 million more female viewers for the Chiefs-Jets game compared with the previous three weeks of "Sunday Night Football." Viewership among teen girls aged 12-17 rose 53% from the same period, according to the network.

Daniel Leifker, a 41-year-old who works in the agricultural industry in Wenona, Ill., was a little perplexed when his daughters asked him what time the Chiefs game started. "Why would you guys care about the Chiefs game?" he said. "When I watch sports you guys go into the other room and watch other things."

Emersyn, 9, and Ellisyn, 5, informed him that Swift was going to be there. Once the game started and they spotted the pop star, they started jumping up and down and screaming. Leifker was so jazzed he even made a TikTok video. "I am so excited—my girls are finally interested in watching football with their dad," he said in it. "Thank you Taylor Swift."

In Yorktown, Va., Rob Shepherd, a 45-year-old pastor, usually finds himself watching sporting events alone, but he watched last Sunday's kickoff while curled up on the couch with his wife, teenage daughter and son. It was the first time in 12 years the whole family has sat down to watch sports together.

Reese Shepherd, 12, followed the game, chatting with her dad about certain plays until her bedtime shortly after halftime. Her postgame analysis? She wished there had been even more Taylor sightings at the game.

"I can almost guarantee that if it is announced that Taylor is going to be at [another] game, my family will be watching a Taylor Swift appearance where there happens to be a football game," Rob Shepherd quipped.

The broadcast seemingly embraced Swift's presence, cutting away to the suite where she sat no less than 17 times, according to the "New Heights with Jason and Travis Kelce" podcast.

> **'It was a lot more football than Taylor but it was really interesting.'**

In Fairfield, Conn., Keith and Jessica Stoeckeler let their 7-year-old daughter, Emme, stay up late on a school night to watch the Chiefs and grabbed appetizers just for the game. Keith Stoeckeler, carefully walked Emme through the game's mechanics and players. "It was cool," said Emme cheerfully. She plans to dress up as Swift for Halloween.

"The whole day was awesome for me because people weren't telling me to turn the TV off or put on the Disney channel," said Keith Stoeckeler. "It felt like a Super Bowl in October."

Stoeckeler, who founded creative sports agency Heartlent Group, added that he hopes the NFL continues to embrace Swift's presence at the games to encourage more female viewership.

Brendan Loy, a 41-year-old fan of both Swift and football, has been especially amused by the crossover of two of his passions. The Denver-based attorney brought his three teenage daughters to the opening weekend of Swift's Eras Tour in Glendale, Ariz.

On Sunday night, the attorney and his daughter Samantha, 12, watched the game while crafting friendship bracelets, which were frequently traded by concertgoers at Swift's shows. They teamed up to make one that said "Tay Tay + Travis," with Samantha pulling out the letters, then passing it over to her dad to finish it off with the Kansas City team's red and yellow.

Samantha's review of the game: "It was a lot more football than Taylor but it was really interesting."

For some, the mutual fascination over Swift and the NFL has continued days after the game. Michael Levy, a 61-year-old die-hard Jets fan, has been texting his 17-year-old daughter articles about Swift and the NFL—even though, sometimes, she's already read them.

"Whenever he sends me something I have to pretend I haven't seen it," said Allie Levy, a cross-country and track runner who's listened to Swift since the singer was a rising country star. "I think they're really funny and [it's] cute that he goes out of his way to send me things I find interesting."

The two have also discussed the speculation over Swift's possible relationship with Kelce. And the older Levy, who owns a motorcycle towing company, has delighted in analyzing whether the relationship is real or a ruse.

"If it's a marketing gimmick, I think it's brilliant, but the romantic in me wants it to be real," he said. "If it winds up getting more kids to hang out at games with their dad, I think that's beautiful."

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U.S. NEWS

Plenty of Job Seekers Miss Out On Labor's Strength

By Te-Ping Chen And Vanessa Fuhrmans

It's a red-hot job market, the numbers say. Try telling that to job-seeking professionals like Aleksandor Aland.

The laid off copywriter, 40, has been searching for work since December. He has had to broaden his search to include marketing and creative director positions. He's based in Santa Fe, N.M., but is now looking in other states as well.

"There's sometimes thousands of people applying for the same job, especially if it's remote—it's really brutal," he says.

On Friday, the Labor Department reported that 336,000 jobs were added to the economy last month—double what many economists had been predicting. But a deeper dive into recent jobs data reflects a more sobering picture of the hiring market, especially for many white-collar workers who are still having a tough time finding jobs with better pay or perks.

For one, 70% of the September job gains were in three sectors: government, healthcare, and hospitality and leisure—fields that have been playing catch-up in hiring since the early days of the pandemic. Job gains in professional services, such as architects, marketers, engineers and managers, rose by 21,000 jobs, less than half the number from September 2022.

Information technology has been particularly hit. While overall unemployment was flat at 3.8%, the IT sector's unemployment rate rose to 4.3%, according to Janco Associates, which tracks federal data. IT first started to shrink in February, and there are now nearly 120,000 unemployed IT pros, said M. Victor Janulaitis, Janco's chief executive.

"Based on our analysis, the IT job market and opportunities for IT professionals are poor at best," he said.

Unemployment has also been on the rise for people with bachelor's degrees. A year ago, college grad unemployment was 1.8%; today it's 2.1%.

The cooling hiring market means more job seekers will have to decide what's most important to them—more pay or a remote role, for instance—and compromise, said Daniel Zhao, lead economist at job-review site Glassdoor.

It's also helpful to consider a range of industries, he added. An IT worker struggling to find a better job in tech may have better luck finding a similar role in healthcare.

"People tend to underestimate how transferable their skills are," Zhao said.

Tessa White, a career consultant who spent two decades in corporate HR, counsels clients who want to pivot to look for jobs adjacent to their area. For example, someone in PR could go into graphic design.

Given how frequently companies deploy algorithms to analyze and rate résumés, White tells clients to customize their résumés for each job. Even a simple tweak, such as changing "social media" experience to read "digital media," experience can mean the difference between a callback and a rejection letter.

Unlike the Labor Department, which surveys about 122,000 private and government employers every month, payroll processor ADP crunches data on more than 25 million workers across the private sector. It shows employers added 89,000 jobs in September, the slowest pace of growth since January 2021.

Larger companies—those that typically offer the full slate of benefits that attract many white-collar workers—lost 83,000 jobs, wiping out the jobs they added in August, said Nela Richardson, ADP's chief economist. Many lost jobs were in professional and business services, which fell by 32,000.

"These are the firms that hired very aggressively in 2021 and 2022, and they've been pulling back in hiring all year long," she said.

Leonel Romeo Alvarez, above left, said that if migrants cross onto his property, he doesn't see them. Above right, the home of his daughter Nayda Alvarez, who has fought plans to build a wall through her backyard since the Trump administration and who had the words 'No Border Wall' placed on her roof.

VERÓNICA G. CÁRDENAS FOR THE WALL STREET JOURNAL (2)

Border-Wall Plans Meet Resistance

By Alicia A. Caldwell

RIO GRANDE CITY, Texas—For nearly two decades, American presidents have gone back and forth on walling off this wilder corner of the Rio Grande, where the river twists in zigzagging turns and jagged bluffs overlook neighboring towns in Mexico.

Since President George W. Bush first signed off on the idea in 2006, Republican and Democratic administrations have started and stopped and repeatedly reversed course on wall plans here, mirroring the volatile partisan politics of the immigration debate.

Now the Biden administration is set to fast-track 20 new miles of border barriers through this part of Starr County, an area home to about 66,000 people that is dotted with ranches and farms that abut the river.

The move last week represents a reversal from President Biden's campaign pledge not to build a single new foot of the controversial barrier. It comes as Biden faces growing pressure to tame a surge of migrants from all over the world that has deeply affected major cities such as New York and Chicago.

"This caught me off guard," said Nayda Alvarez, a 52-year-old teacher whose family has lived along the river in the La Rosita community at the northern edge of Rio Grande City for at least five generations. "But it's not the first time [the government] has tried to take my land."

Alvarez, who has been fighting plans to build a wall through her backyard since the Trump administration, lives in a beige stucco house. Her father's home is just to the north on the same plot of land, with the riverbank about 300 yards below on a sloping hill. Years ago, she painted a message on her rooftop for Trump and anyone else to see: NO BORDER WALL.

The wall has long been a fraught subject in South Texas, where environmentalists have fought to protect critical wildlife corridors used by migratory birds and ocelot wildcats. Ranchers and small landowners whose families have been here for generations—in some cases before the area became part of the U.S.—have chafed at government incursions into their property.

The border here now physically reflects those sensitivities: It is dotted with stretches of a towering, 30-foot steel wall along farms and ranchland that sometimes abruptly ends near a wildlife refuge or other local political obstacle.

U.S. Rep. Henry Cuellar (D., Texas), who has long opposed the wall, on Friday expressed opposition to his fellow Democrat's plans to move forward with additional sections, calling the wall a "14th century solution to a 21st century problem."

Texas' two U.S. senators, both Republican, expressed support for the new border wall on X, formerly known as Twitter, while also expressing skepticism about the plan.

The Biden administration has defended its plan to build 20 miles of 18-foot wall in the Starr County area and disputed the notion that it represents a major flip-flop, saying its hands are effectively tied since the money was designated by Congress for wall construction. Starr County is described in public statements as the Border Patrol's highest priority location in the Rio Grande Valley.

In a public posting announcing the impending construction, the administration described the build locations as being "of high illegal entry." It cited the Border Patrol's Rio Grande Valley Sector's tally of about 245,000 arrests between Oct. 1, 2022, the start of the government's last budget year, and early August.

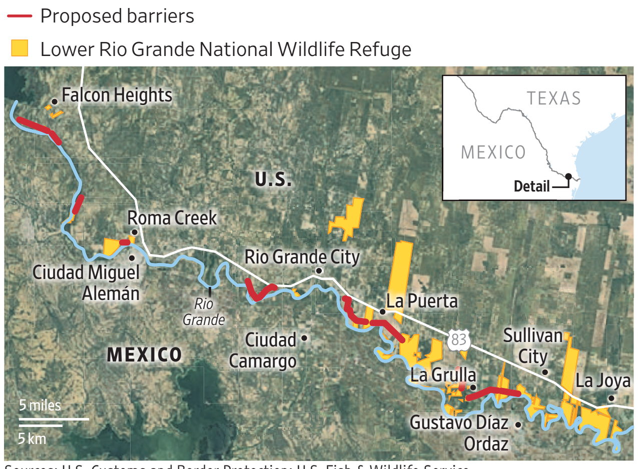
Some Starr County residents said that description didn't match their reality. One man who said he owns property just downriver from Alvarez said he hasn't seen much migrant traffic in the area for about five or six years. Alvarez's father, Leonel Romeo Alvarez, said if migrants cross onto his property, he doesn't see them.

"We don't know when someone is crossing. But it's not a problem for us," he said.

Up and down the Rio Grande, massive numbers of migrants have been crossing in recent months, a broad mix of families, single adults and children, often surrendering to waiting Border Patrol agents.

But unlike in other stretches of river that have seen heavy migrant traffic in recent months, there were few visible signs of a migrant influx, such as discarded clothing, water bottles and other trash, on the shores near Starr County over the weekend.

Texas authorities, who have placed coils of razor wire in places such as Eagle Pass and El Paso as the state takes an aggressive role in border security, have also not made the area a top focal point.



Sources: U.S. Customs and Border Protection; U.S. Fish & Wildlife Service

New York City Mayor Tries to Dissuade Migrants From Heading to U.S.

BOGOTÁ, Colombia—With New York City shelters swamped by migrants from Venezuela and other countries, Mayor Eric Adams arrived in Latin America to tell officials and migrants that his city is "out of room."

The mayor traveled through Mexico, then flew to Ecuador and on Saturday arrived in a small Caribbean town in Colombia that is heavily traversed by migrants to warn them against taking "a terrible journey" to the U.S.

"People are sleeping out, waiting to get transportation to start a terrible journey that is extremely dangerous through the Darién Gap," Adams said from Necoclí, on Colombia's northwestern coast.

Migrants arrive by the hundreds to Necoclí each day, boarding fiberglass boats that get them closer to the Darién Gap, a treacherous stretch of jungle that separates Colombia from Panama. Already this year, more than 400,000 migrants have traversed the Darién to get to Central America and then on to Mexico and the U.S. southwestern border.

Adams arrived in Latin America to tell officials and migrants over the past four days that his city's resources are stretched thin. More than 120,000 asylum seekers have sought city assistance, Adams said earlier this week, with costs projected at more than $12 billion over three years.

"We don't want people to take this dangerous trek to come to a New York City that is out of room," the mayor said.

—Juan Forero

Meatpacking Closures Cut Deep for Small Towns

By Patrick Thomas

After **Tyson Foods** said it would close its Noel, Mo., chicken processing plant this fall, 20-year-old Angel Saldivar started rethinking his future in the 2,200-person town.

"We're probably not going to be here too much longer," he said.

Saldivar wasn't among the 1,500 Tyson workers affected by the plant's shutdown. He and his family run a restaurant across the street, Tony's Burritos, which his grandmother opened in the 1990s as a lunch spot for plant employees.

With the plant scheduled to close by mid-October, Saldivar says Tony's probably will, too. Some workers have already quit or left town for other jobs, he said, and Tony's sales have fallen 40% to 50% from August.

Meat processors are closing plants across the country in response to what they say is slackening consumer demand and persistently high costs for livestock, feed and wages. The Noel chicken plant is one of six chicken plants Tyson has said it is closing this year.

Rival poultry company Perdue Farms said in August it was closing a meat plant in Michigan that employs 130 people, and pork giant Smithfield Foods closed a 1,800-person California facility this year. Pork company HyLife closed a 1,000-person pork plant in Minnesota in June. Canadian meat processor Olymel said last month it plans to close two plants, affecting about 400 jobs.

Tony's Burritos sits across the street from Tyson's chicken processing plant in Noel, Mo.

HARLAN BOZEMAN FOR THE WALL STREET JOURNAL

The closures spell economic turbulence for towns such as Noel, where meatpacking plants are major employers, customers of local farmers and truckers, and cornerstones of the tax base. Tyson has estimated that the company's economic impact in communities where it operates totals more than $27 billion annually, according to testimony its chief executive gave to lawmakers last year. The company estimated that its newest poultry facility, which opened in Humboldt, Tenn., in 2021, will generate $150 million annually to the state between payroll, payments to farmers, and grain and utilities purchases.

McDonald County, where Noel is located, stands to lose 22% of its gross domestic product from the plant closure, according to estimates from the economic research firm Decision Innovation Solutions.

"It's going to hurt badly for at least a couple of years," said Terry Lance, Noel's mayor.

Tyson said it is offering bonuses and as much as $5,000 for moving expenses for workers moving to another one of its facilities. About 250 Noel workers are planning to relocate to a different Tyson plant in the U.S., and 500 in total have expressed interest in moving, according to a Tyson spokeswoman.

Tyson executives have said that the plants slated for closure needed major capital improvements to make them viable. The company acquired the Noel plant in the 1990s.

Industry officials say more closures could come as meatpackers report declining profits. Chicken and pork producers are grappling with an industrywide glut, suppressing wholesale prices. Beef cattle herds are shrinking, lifting livestock prices and pushing weekly slaughter rates down nearly 10% compared with last year, according to the U.S. Agriculture Department.

Tyson executives have said they could close more plants across the company's sprawling chicken, beef and pork businesses, which produce roughly one-fifth of the U.S. meat supply. "We really look at everything on the table and evaluate every single asset we have," said Brady Stewart, head of Tyson's beef and pork division, at a September investor conference.

Growers near Tyson's Dexter plant in southeast Missouri, another facility the company is closing, say there isn't another company for which to raise chickens, saddling them with hundreds of thousands of dollars in debt that they took on to build barns and install new equipment.

In Noel, about 600 of 1,500 plant workers live in the city, said Lance, the mayor, and Tyson has told him it doesn't expect to sell the plant to another meat processor. The company said it would entertain any offer made for the plants it is closing. The chamber of commerce is holding job fairs to help displaced staffers find new roles, said Bryan Hall, commissioner of McDonald County.

Lance said he expects a tighter budget going forward and said the city may have to cut spending on nonessential items like street repairs.

U.S. NEWS

TAYFUN COSKUN/ANADOLU AGENCY/GETTY IMAGES(2)

Pumpkins Pile Up As Fall Gets Into Gear

SEEDY SITUATION: As Halloween approaches, people got into the spirit of the season over the weekend in a pair of pumpkin patches in Half Moon Bay, Calif.

Republicans Have New Urgency To Elect Next House Speaker

By Katy Stech Ferek And Kristina Peterson

WASHINGTON—The assault by Hamas into Israel injected new urgency into House Republicans' efforts this week to name a permanent House speaker, with lawmakers saying there was no time to spare in picking a new leader to succeed Kevin McCarthy (R., Calif.).

Lawmakers head into a conference vote as soon as Wednesday with two strong candidates and no clear favorite for the gavel, trying to coalesce around a new speaker after eight rebel Republicans joined with Democrats to vote out their previous leader.

House Majority Leader Steve Scalise (R., La.) has racked up roughly two dozen endorsements from colleagues since announcing he will run for the position, as has Rep. Jim Jordan, an Ohio Republican who leads the House Judiciary Committee and is backed by former President Donald Trump. But many lawmakers haven't said where they stand.

A third potential candidate, Rep. Kevin Hern (R., Okla.), chairman of the Republican Study Committee, ruled himself out Saturday.

The House of Representatives is effectively frozen until it elects a new speaker, delaying action on pressing matters such as funding the government past mid-November. Lawmakers also emphasized that the lack of a speaker could slow any efforts to help Israel with additional funding and fight to prevent terrorist attacks from occurring elsewhere.

"We have to move quickly on this," Rep. Michael McCaul, the Republican chairman of the House Foreign Affairs Committee, said Sunday on CNN. "We're just in too dangerous of a time to be playing games with our national security."

Reps. Scalise and Jordan have emerged as leading candidates.

House Minority Leader Hakeem Jeffries (D., N.Y.) said on CNN that he had talked with the White House about the situation and that America's "commitment to Israel's security is ironclad."

Speaker Pro Tempore Patrick McHenry (R., N.C.), who has been appointed to lead the chamber temporarily, has only limited powers to run the House.

He sent lawmakers home after last Tuesday's vote to vacate the speakership.

The candidates are expected to make their pitches in a closed-door forum Tuesday and could vote on their nominee as soon as Wednesday. Candidates will need a majority of the conference to become the party's nominee.

Some members have said they want commitments from speaker candidates to change the rule that currently allows any single member to call for a vote to oust the speaker, which they see as putting the speakership perpetually at peril from a small minority of the party.

The party's pick will then need to win a majority of the full House to become speaker, and it is unclear whether the Republican conference could avoid another drawn-out process.

McCarthy went into the formal speaker election vote in January having won the GOP nomination easily in a 188-31 vote in November. It still took 15 rounds of voting for him to persuade hesitant lawmakers to change their vote from "no" to "present," allowing him to win the gavel. Democrats voted for their nominee, the Minority Leader Jeffries.

Rep. Ken Buck (R., Colo.), one of the eight lawmakers who voted to oust McCarthy, said on ABC on Sunday that he wouldn't support any speaker candidate until Republican leaders figure out how to cut spending. He also said he doesn't want the full House to vote on a new speaker until a majority of Republicans agree on one candidate.

When asked if this process could take time to play out, Buck said, "Well, it's better to play out in private where the cameras aren't on."

Rep. Mike Lawler (R., N.Y.), who represents a competitive district, signed a letter saying Republicans shouldn't open a floor vote on the next speaker until 218 lawmakers—the majority if all lawmakers are present for voting—have coalesced around a GOP leader. "The last thing we should be doing is going to the floor without 218 votes and having a repeat of January—it's destructive," he said.

McCarthy has ruled himself out as a speaker candidate, but told reporters Friday he plans to stay in the House and could run for re-election. Still, some lawmakers, including Lawler, are hoping he will reconsider the speakership.

"He was doing a phenomenal job as speaker and there was no justification for his removal," Lawler said.

—Lindsay Wise and Vivian Salama contributed to this article.

Biden Confronts More Foreign Policy Complications

By William Mauldin And Catherine Lucey

WASHINGTON—Setbacks to President Biden's efforts to bring stability to the Middle East and fund the war in Ukraine have undermined top foreign-policy goals for his first term, adding to difficulties the U.S. faces with a third priority—China.

In the span of a week, the assault by Iran-backed militant group Hamas on Israel has complicated Washington's efforts to broker a major pact to normalize relations between Israel and Saudi Arabia, while a showdown over government assistance to Ukraine—and the removal of the Republican House speaker—have stalled support for Kyiv's fight against Russia. At the same time, the Biden administration faces a test in whether the U.S. president and Chinese leader Xi Jinping will meet next month, around the time the U.S. hosts a meeting of Asia-Pacific leaders in San Francisco.

Biden's advisers and allies argue that Saturday's surprise attack by Hamas on Israel showcased the need for experienced leadership in the White House, contrasting with what they see as the chaos currently roiling the Republican Party. They also credit his administration's efforts to rebuild alliances, to rally countries in support of Ukraine and to outcompete China.

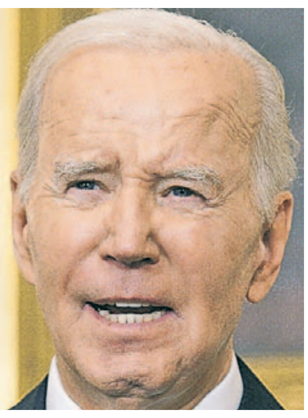
Yet recent events in the Middle East, Ukraine and China also leave Biden vulnerable to criticism on foreign policy as he heads into an election-year battle against former President Donald Trump, who is currently leading the Republican primary race, or another GOP nominee.

Middle East

The Biden team's original Middle East focus was returning to a 2015 nuclear deal with Iran after Trump pulled out of the pact. After indirect negotiations with Iran failed, the deal-making in the region shifted toward helping to broker what would be a landmark pact between Saudi Arabia and Israel.

In quiet talks in Jerusalem and Riyadh, U.S. officials hammered out a framework expected to include a civilian nuclear program and security assurances for Saudi Arabia.

For the White House, it is too soon to know how the Hamas attack affects the normalization efforts, a senior administration official said, stressing that the administration will continue the diplomatic efforts.



YURI GRIPAS/PRESS POOL

President Biden

Ukraine

In the early days of the Biden administration, officials sought to stabilize tensions with Moscow so the U.S. could focus on a bigger long-term challenge—the rise of China.

But as Russian President Vladimir Putin prepared for the 2022 invasion, Biden officials released intelligence predicting the onslaught, helping unite European and other major economies to impose sanctions and support Ukraine with funding and increasingly powerful weapons systems. In the U.S., bipartisan support for the flow of aid and weapons to Ukraine followed.

Overall U.S. aid to Ukraine since Russia's broad invasion—including humanitarian and military aid—totals $72.8 billion, according to the Kiel Institute for the World Economy, a German research institute. Yet future funding is in jeopardy, at least from the American side. A short-term spending bill signed by Biden a week ago averted a partial government shutdown but omitted aid for Ukraine.

China

From its first days in office, the Biden administration sought to achieve a delicate balance with Beijing—maintain pressure on China, a political necessity given U.S. politics, while leaving the door open to cooperation in select areas such as climate change, global economic growth and countering the flow of chemicals used to make fentanyl.

The volatility in the relationship has shown signs of stabilizing in recent months. The Biden administration has heeded calls from allies to ease tensions. Meanwhile China's economy has sputtered, putting pressure on the Chinese leadership.

—Charles Hutzler contributed to this article.

For Trump, New York Fraud Trial Is Personal

By Alex Leary

Donald Trump faces four criminal indictments, 91 charges and, if convicted, sentences that could exceed his life expectancy. But there is one case that has hit him most personally, friends and associates say: The civil-fraud trial under way in Manhattan.

That case targets his business record and self-image, built and nurtured over decades, as a successful New York businessman with the hustle and deal-making chops to make it there or anywhere. In contrast, the criminal cases relate to his actions during his four years as president, barring one that covers hush-money payments to a porn star. Trump moved his official address to Florida in 2019.

The civil trial threatens major parts of Trump's real-estate empire and could have a crippling effect on his family's ability to do business in New York.

"This is where all his friends are, this is where he lived for 70 years of his life," said the New York billionaire John Catsimatidis. "It's a direct attack."

In the case, New York Attorney General Letitia James, who campaigned on a pledge to pursue Trump, alleges that he inflated his net worth by billions of dollars to obtain favorable terms on bank loans and insurance policies.

State Supreme Court Justice Arthur Engoron has already found Trump liable for fraud and has ordered the cancellation of the business certificates that allow him to operate in the state. If James prevails at trial on the remaining claims, Trump and his company could be barred from entering into New York state commercial real-estate acquisitions and applying for loans with state-registered lenders for five years. He also could be forced to sell some properties and pay $250 million in penalties.

Trump's lawyers deny the allegations, including the claims that he misled bankers and insurers, and have argued that his business dealings under question have been profitable for all parties, with no indication of defaults or late payments on loans. Trump secured some near-term stability Friday when an appeals court halted the cancellation of the certificates while his lawyers fight Engoron's ruling.

Trump has fretted to aides and friends about the potential combined impact of the claims, if sustained. That includes what it would mean for his children, whom he wants to carry on in running the business, and the housekeepers, doormen, security officers and others who work for the Trump Organization.

"There is no person who has done more to transform the skyline of New York City than my father," said Eric Trump, executive vice president of the Trump Organization, who was also in court last week. "Our family is under assault for purely political reasons."

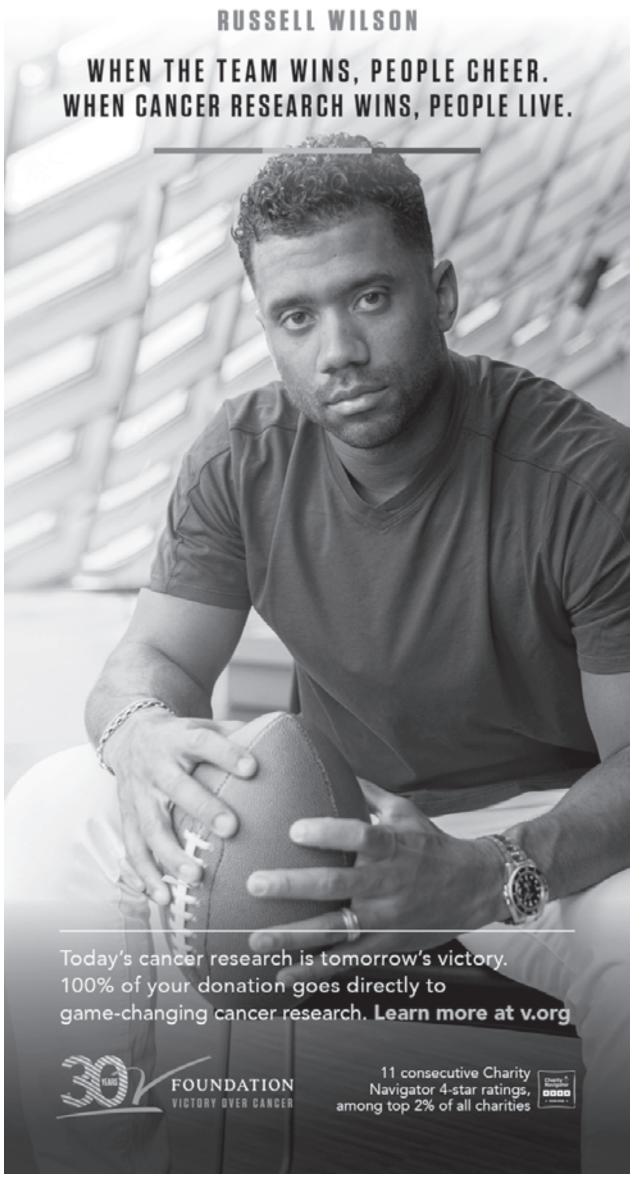
ANGELA WEISS/PRESS POOL

The ex-president spent three days in the courtroom last week.

The former president's image of unbridled wealth took another hit recently when he was dropped from the Forbes 400 list of wealthiest Americans. The publication estimated Trump's fortune to be $2.6 billion.

It was hard to miss Trump's frustration when he spent three days—although he wasn't required to—in the courtroom, scowling beside his lawyers. He slammed James and Engoron and was forced by the judge to take down a social-media post about one of Engoron's staff members. The notion that he isn't as rich as he seems—an underlying aspect of the case—particularly irks him.

New York for decades was his domain as he pursued big real-estate deals and a busy, well-chronicled social life in which he portrayed himself as ultrasuccessful, writing "Trump: The Art of the Deal" and other books, even as he underwent business bankruptcies and other setbacks. In 2004, Trump began work on the TV reality show "The Apprentice," introducing his lifestyle and bold personality to millions of Americans—a launchpad for his 2016 presidential campaign.



West Maui Reopens to Tourists, Not Without a Backlash

BY CHRISTINE MAI-DUC

MAUI, Hawaii—West Maui officially reopened to tourists Sunday, two months after a firestorm incinerated the town of Lahaina and killed at least 98 people. Not everyone is ready to welcome visitors with flower leis and open arms.

When Hawaii Gov. Josh Green said last month that West Maui would fully reopen on Oct. 8—two months to the day after the August fire—the backlash was immediate. Last Tuesday, dozens of protesters rallied outside the state Capitol in Honolulu and delivered a box of signed petitions to Green's office asking him to delay the reopening.

"People in Lahaina have gone through a lot," said State Rep. Elle Cochran, a first-term legislator and former county councilwoman who represents the area. "To be Mr. and Mrs. Aloha, you know, to welcome visitors frolicking and having fun, it's just going to be too hard."

Hawaiian officials face a difficult challenge weighing how to resume tourism on an island where roughly 40% of the gross domestic product is tied to visitors, while also considering the still-raw emotions of the thousands who were displaced from homes and lost friends and family in the disaster.

Garrett Marrero, owner of Maui Brewing Company, a craft brewery with five restaurant locations, including three on Maui, said those advocating for a longer runway to reopen might not be keeping in mind the downward spiral it could create in the local economy and labor market. "We cannot diversify our economy in an instant. That takes time," he said. "So right now we need to heal the economy that we have."

Tourism to Maui saw a steep decline following the fires, after dozens of flights were canceled and beachfront resorts were converted into temporary housing for those who lost their homes. In recent weeks, many displaced residents have received notices advising them to register with the American Red Cross and Federal Emergency Management Agency or risk losing their temporary lodging.

The Democratic governor, who didn't respond to a request for comment, recently told local media that Sunday was a "gentle start" that would allow tourism to build up to the busier holiday months. He noted that more than 8,700 Maui residents had filed for unemployment as of Sept. 30.

On Sunday morning, customers packed the Hawaiian Village Coffee Shop in Kahana Gateway shopping center. Josephine and Garrett Ward of Newport Beach, Calif., were among the early visitors, sipping coffee and eating breakfast. Josephine, a 57-year-old tech recruiter, said the couple booked their tickets two weeks ago, shortly after Gov. Green announced the Oct. 8 reopening. Hoping to support the local economy, they decided to book six nights on Maui instead of the Big Island.

Still, they wondered whether their presence was welcome. "You feel uneasy about sharing the same space so early after a tragic event," said Garrett, a 59-year-old radiologist.

Visitors arriving to Maui by air were down 58% in August from a year earlier, with visitor spending hovering at about half of August 2022 levels. Anticipated leisure occupancy rates in West Maui's hotels and timeshares are hovering between 9% and 17% for the week of Oct. 8, according to data from the Maui Hotel and Lodging Association.

"It's more of a welcoming," Maui County Mayor Richard Bissen said of the Sunday reopening.

Bissen laid out a phased approach for implementation, starting with a roughly 3-mile stretch farthest north of the burn zone this weekend.

"We are trying to strike a balance between the need for people to have jobs and the need for people to grieve and to mourn," he said.

U.S. WATCH

CALIFORNIA

Caste Discrimination Legislation Vetoed

Gov. Gavin Newsom vetoed a bill on Saturday that would have made California the first U.S. state to explicitly outlaw caste-based discrimination.

Caste is a division of people related to birth or descent. Those at the lowest strata of the caste system, known as Dalits, have been pushing for legal protections in California and beyond. They say it is necessary to protect them from bias in housing, education and in the tech sector.

Earlier this year, Seattle became the first U.S. city to add caste to its antidiscrimination laws. On Sept. 28, Fresno became the second U.S. city and the first in California to prohibit discrimination based on caste.

Newsom called the bill unnecessary because California "already prohibits discrimination based on sex, race, color, religion, ancestry, national origin, disability, gender identity, sexual orientation, and other characteristics, and state law specifies that these civil rights protections shall be liberally construed.

"Because discrimination based on caste is already prohibited under these existing categories, this bill is unnecessary," he said.

—Associated Press

PENNSYLVANIA

One Dead, 8 Hurt In Shooting at Party

One person was killed and eight were wounded in a shooting during a party at a Pennsylvania community center early Sunday, authorities said.

State police in Indiana County said troopers, local officers and emergency services responded at 12:35 a.m. to the shooting at the Chevy Chase Community Center in White Township, about 50 miles northeast of Pittsburgh.

Nine people between the ages of 18 and 23 were shot, including a 22-year-old Pittsburgh man who died at the scene, police said.

No suspects were in custody, and police asked anyone with information to contact troopers in Indiana County.

The shooting scene is about 2 miles from the campus of Indiana University of Pennsylvania, which was having its homecoming weekend.

—Associated Press

NEW JERSEY

Three Rescued From Capsized Boat

The Coast Guard rescued three people clinging to the hull of a capsized vessel off the New Jersey coast.

Officials said the operator of the 18-foot disabled vessel used a VHF-FM radio to contact the Coast Guard's Delaware Bay sector for help Saturday in Great Bay in Little Egg Harbor Township, less than a mile from the Great Bay Marina.

Coast Guard officials said they rerouted an MH-65 Dolphin helicopter that was already in the air for routine training.

A TowBoatUS commercial salvage team also heard the distress call and went to the scene to help.

When the Coast Guard helicopter arrived, a rescue swimmer entered the water and helped the crew hoist all three people to safety.

—Associated Press

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Healthcare Workers Back, Issues Unresolved

After strike, 75,000 employees and Kaiser Permanente still split over pay and staffing

BY MELANIE EVANS AND ALICIA A. CALDWELL

Striking Kaiser Permanente workers returned to work Saturday but without new contracts, ending the largest healthcare strike on record as their unions and employer continued to bargain.

Negotiations are scheduled to pick up again Thursday. The labor dispute, which sent 75,000 Kaiser employees to the picket lines for up to three days, hinges on how much the employer agrees to increase pay and staffing.

JUSTIN SULLIVAN/GETTY IMAGES

The last day on the picket line on Friday in Vallejo, Calif.

A resolution could be a ways off. The sides haven't talked since Wednesday. The intervention of acting Labor Secretary Julie Su, who will rejoin negotiations when they resume, didn't help. Neither Kaiser nor the unions can even agree on whether they have made progress, with the unions continuing to accuse Kaiser of impeding bargaining as Kaiser claimed progress.

Another strike could follow, possibly in November, depending on how talks progress, according to the unions.

"We just want fair treatment, fair pay and be recognized and have ample staff to do that job," Joann Boyd, a neurology nurse for Kaiser, said on a Kaiser picket line in Los Angeles Thursday.

A Kaiser spokeswoman declined to comment, citing coming bargaining.

Kaiser has said it has boosted hiring, adding 10,000 new employees in union jobs this year alone, to address staffing issues, and it offers leading compensation.

The strike, which began Wednesday, included nurses, pharmacists and respiratory therapists, as well as kitchen and janitorial staff.

The stoppage ended after one day in the mid-Atlantic but lasted through early morning on Saturday across California, Oregon, Washington and Colorado. The strike closed more than two dozen pharmacies, ambulatory surgery centers and other locations, and Kaiser staffed other vacancies with temporary workers.

Short-lived strikes are common in healthcare, unlike open-ended strikes that have disrupted the automobile and entertainment industries this year. The strategy seeks to protect patients from harm but pressures employers to settle, labor experts said.

Brief strikes also help limit frustration among patients who miss appointments because of walkouts.

Kaiser said it expanded its video and telephone appointments to help keep some appointments but did reschedule some procedures and routine surgeries.

Offices are scheduled to resume normal operations after the strikes end.

During negotiations to date, labor and management failed to agree on the size of raises and investments to increase staffing. Outsourcing is another key sticking point, with the union seeking protections for workers.

—Austen Hufford contributed to this article.

Disney Subject of Peltz Push

Continued from Page One
privately rebuffed his request to become a director. It was a short-lived battle, however, with Peltz withdrawing his nomination in February after Disney unveiled a broad reorganization and cost-cutting plan that sent the stock up briefly.

Since then, Disney shares have tumbled from higher than \$113 to around \$80, brushing up against their lowest level in a decade. In early 2021, after Disney notched several quarters of growth in sign-ups to its flagship Disney+ streaming service, its shares traded at around \$200.

Disney has lately been grappling with Hollywood strikes that froze television and film production, a high-profile battle over fees with large cable operator Charter Communications and the prospect of sustained losses in its TV and streaming businesses.

Trian believes Disney shares are significantly undervalued today and the company needs a board that is more focused, aligned with shareholders and accountable, people familiar with the matter said.

Trian has built up its stake in recent months to more than 30 million shares, a significant jump from the roughly 6.4 million shares it held at the end of the second quarter.

Trian, an influential activist investor co-founded by Peltz, had in its first fight been pushing Disney to plan for a successor to Chief Executive Robert Iger, who had held that role since 2005 before passing the reins to Bob Chapek in 2020. Last year, just as Peltz was kicking off his campaign, Chapek was fired by the board and Iger was brought back. (Iger recently agreed to stay on in his position through 2026.)

MARCO BELLO/BLOOMBERG NEWS

Nelson Peltz's Trian is one of Disney's largest investors.

Trian also argued then that Disney had excessive compensation and lacked expense discipline.

Disney at the time said it continually refreshes its board, with a focus on directors with industry experience, and argued that Peltz didn't understand the media industry. The company also launched a succession-planning committee to advise on Iger's replacement.

When Peltz called off his fight with Disney in February, he told The Wall Street Journal that Iger needed to execute on his promises.

Iger has been taking steps to reverse the stock decline, some geared toward achieving profitability for Disney's streaming segment by September of next year, a target set forth in late 2020. In August, the company unveiled a round of major price increases for its streaming products, raising the cost of the ad-free versions of Disney+ and Hulu by more than 20% each.

The company also has said recently that a plan to restore its cash dividend by the end of 2023 was on track. The payout was eliminated during the Covid-19 pandemic.

And Disney last month vowed to spend about \$60 billion to expand its theme parks, cruise lines and resorts over the next decade, almost doubling its investment in a division that provides its primary source of profits.

In July, Iger said that Disney's traditional cable and network television assets, which include ABC, sports network ESPN, FX, the Disney Channels and others, "may not be core," indicating that the networks may be for sale. He said that ESPN would seek an investment from a strategic partner.

Two months later, Disney announced that it was partnering with gambling company Penn Entertainment to launch ESPN Bet, a sports-wagering app. Neither move caused more than a brief increase in the share price, and Disney's 2½-year stock decline accelerated through the end of the summer.

Meanwhile, Disney is in the midst of exploring strategic options for its Star India business, whose fortunes have soured in recent months after losing a key bidding war, the Journal previously reported.

Home Depot Tracked a Crime Ring

Continued from Page One
charges. He was released on bond in late September. An attorney for Dell declined to comment.

Executives at retailers such as Walmart, Target, Macy's and Dick's Sporting Goods in August blamed criminal networks for causing problems with their inventories, with some adding that safety incidents are increasing.

Some companies including Target, Nordstrom and Nike are going further and permanently closing stores that they said have been hard-hit by theft and crime.

Dell's case highlights the challenges that retailers and law enforcement have in stamping out complex retail crime. Collaborations between the parties can take time, often years, to connect individual thefts to larger organizations or groups.

As a result, companies dealing with a surge in thefts are putting more resources into their own retail-crime investigations.

They also are seeking collaborations with police and resale platforms to stop people profiting from their stolen goods. Prosecutors across the country have said they are stepping up efforts to target fences.

"The fence is crucial," said Scott Glenn, vice president of asset protection for Home Depot. "A successful organized retail-crime organization has to have somebody pulling the strings."

Fences can obtain their supply of goods from boosters, or people who are willing to steal for small cash payments or drugs, and often provide them with lists of merchandise they want, according to authorities. Fences often turn to online marketplaces to unload goods, but they can also look for buyers elsewhere. In some cases, they operate wholesale businesses that supply retailers or marketplaces with legitimately acquired goods as well as stolen items.

This year, U.S. attorneys in Washington state, Texas and Pennsylvania announced the arrests or sentencing of individuals accused of making millions by selling stolen items through e-commerce platforms such as eBay, Amazon.com, Facebook Marketplace and OfferUp.

"Those who steal cannot reap their profits without someone to resell," Manhattan District Attorney Alvin Bragg said in a statement. In a report about organized retail crime, Bragg said that his office is focusing on prosecuting fences to cut the profit out of these crimes.

Texas Comptroller Glenn Hegar said in September the way criminals steal from a retailer and use online marketplaces to sell merchandise presents unique challenges including jurisdictional issues. In Seattle, authorities are aware of several fencing operations, but staffing constraints are hampering police from pursuing investigations, the city auditor's office said in a July report.

Before Florida authorities began building a case against Dell, Home Depot investigators started looking closely at two people whom they had linked to thefts at stores over a period of years.

Home Depot, similar to other large retailers, employs loss-prevention personnel to monitor security footage at stores and prevent theft of its merchandise.The home-improvement chain has 2,322 stores across North America and generated \$157.4 billion in annual revenue in the year ended Jan. 29.

In early March, a loss-prevention investigator from the company identified two people leaving a store in Ruskin, Fla., carrying two cordless impact wrenches and cordless die grinders that they didn't pay for, according to a search warrant affidavit. The investigator photographed the car they left in and provided the information to law enforcement.

Agents from the Florida Agriculture and Consumer Services Department conducted surveillance operations in April and May and identified the suspects visiting Home Depot stores in seven counties. The agents then saw the car drive to Dell's home, where the pair would drop off items inside a garage.

Some retailers have blamed criminal networks for inventory woes.

Law-enforcement agents in May obtained details of Dell's eBay seller account, which linked him to the address where the suspects were delivering the stolen goods. To confirm the location, Home Depot investigators bought a pin nailer from Dell on eBay and later returned it. Officers confirmed the package had been returned to Dell's home a week later.

Officers in June arrested the two suspects as they were exiting a Home Depot store with products that were believed to be stolen.

One said she had been stealing items for about five years and that Dell would direct them to obtain specific products and would purchase the stolen merchandise. She also told law enforcement that there were other groups of people also working for Dell that she had encountered while dropping off goods at his residence.

Dell initially paid them about \$5,000 to \$10,000 a day, but more recently they were getting only about \$600 to \$2,000 because they were unable to steal as many items, the woman told law enforcement. She said that she had been arrested before and that Dell had posted bond payments for the pair and knew the merchandise was stolen.

The retail industry uses the term "shrink" to quantify losses from theft, as well as from lost or damaged goods. Shrink accounted for \$112.1 billion in losses in 2022, up from \$93.9 billion a year earlier, according to a recent survey by the National Retail Federation. The average shrink rate reported by retailers was at levels similar to 2019 and 2020, the survey showed.

Retailers are exploring myriad ways to address continuing problems with theft, ranging from permanently closing stores they say have been hard-hit by crime to locking up more items on shelves as a deterrent. On a recent call with analysts, Lowe's executives said that the company was developing technology that embeds radio frequency identification in power tools, rendering them inoperable unless they are scanned and purchased.

There also has been a rise in violence and intimidation associated with store thefts, retail executives said. Target Chief Executive Brian Cornell said in August that the retailer recorded a 120% increase in theft incidents involving violence or threats of violence during the first five months of the year.

In April, a Home Depot loss-prevention employee was fatally shot inside a store in Pleasanton, Calif., after attempting to stop a female suspect from stealing. In September, a CVS store manager in Mesa, Ariz., was shot and killed by a customer after a confrontation, when the customer returned with a gun.

Authorities and loss-prevention experts said the easiest way to unload stolen merchandise is selling it through online marketplaces. Congress passed legislation in June seeking to deter people from acquiring and selling stolen or counterfeit items online. Resale platforms, which supported the legislation as a way to deal with the surge in retail theft, are now required to track and get personal information for all sellers with 200 or more transactions and making at least \$5,000 in gross revenue during a 12-month period.

EBay's criminal and regulatory investigations supervisor, Christian Hardman, said his team works with retailers and law enforcement to review more than 500 accounts every year that appear to be fencing operations.

Under the Anointed Liquidator account, Dell conducted some 10,500 sales from January 2020 until May of this year, netting about \$1.5 million, according to the affidavit. EBay, in the quarter ended June 30, reported having some 1.9 billion listings on its website.

Hardman said the accounts typically maintain a high positive feedback rating because they sell their inventory for below retail value. "Buyers are happy, overall. They're getting a good deal and the sellers are willing to make the transaction as pleasant as possible," he said.

To find the fences, retailers will tell eBay about specific items targeted by thieves, and the company can identify sellers with large inventories of those products. In some instances, eBay will ask the seller to verify their inventory and who they are.

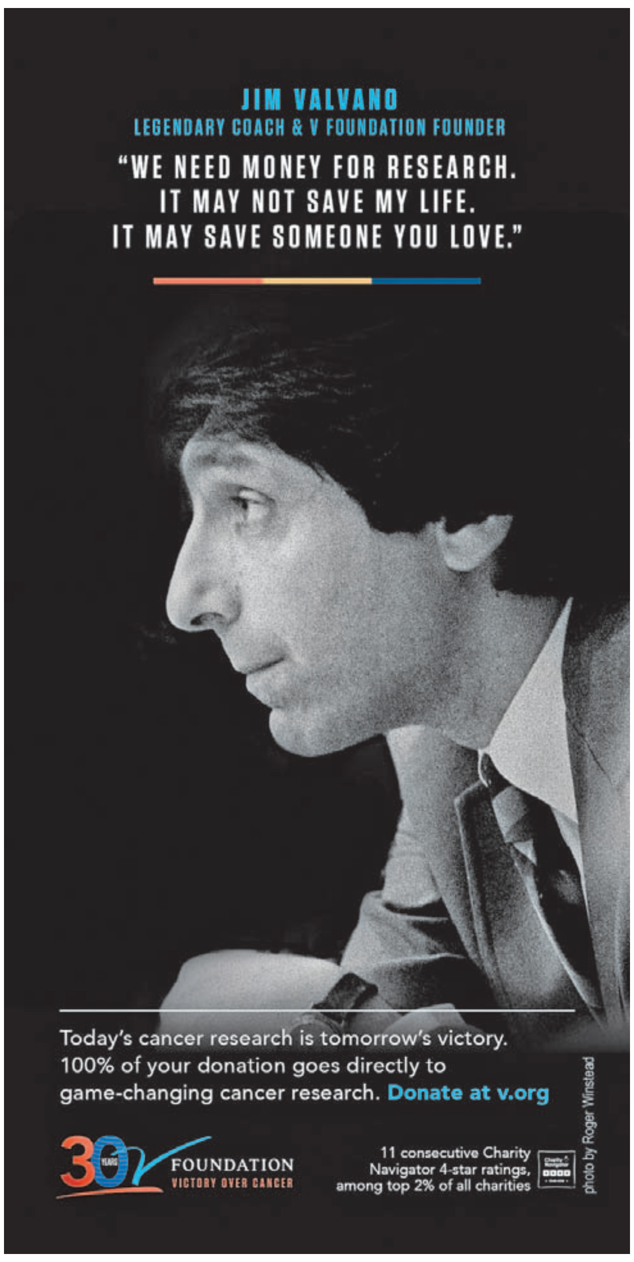
EBay initially flagged Dell's account internally for suspicious activity in 2017, Hardman said. And while sales continued for years, he said the issue never fell off the company's radar.

It wasn't until 2021 that Home Depot investigators started gathering evidence that the goods that Dell was selling online might have come from boosters.

Once there was enough evidence that linked the boosters to Dell, the information was presented to law enforcement and eBay shut down the account earlier this year, Hardman said.

After the suspects in Tampa were arrested, the number of thefts at Home Depot stores in the area have dropped, said Glenn of Home Depot. He said that thieves might be hitting other retailers if they think that the home-improvement giant is working with law enforcement.

"Somebody else will rise up," Glenn said, "and probably start doing this in the absence of this group that was busted."



WORLD NEWS

Russia Seeks a Seat on U.N. Rights Panel

Moscow could try to leverage grain, arms sales to win votes, some analysts say

By William Mauldin

Russia, expelled from the United Nations Human Rights Council last year, is seeking to rejoin the Geneva-based body, defying Western nations' efforts to isolate the country over its invasion of Ukraine.

Some U.N. diplomats and analysts said Russia is looking to exploit its control over wartime shipments of grain and sales of arms and energy to win support in a secret vote set for Tuesday. In addition to Russia, Albania and Bulgaria are vying for two seats representing Eastern Europe.

"There might be countries that are embarrassed to publicly vote for Russia, but if they're getting grain and arms and oil, they might vote with Russia," said Hillel Neuer, executive director of U.N. Watch, a nonprofit group that monitors the U.N.

For their part, Russian diplomats accuse the U.S. of unfairly supporting Albania, and of twisting arms in Africa to obtain votes for the Balkan country.

Alexander Pchelyakov, a spokesman for the Russian mission in Geneva, said accusations that Russia is using weapons and grain sales as leverage in the vote are "nothing but a lazy attempt at propaganda designed to discredit Russia before left-wing readers."

The Human Rights Council reports on human-rights conditions and responds to complaints, and Tuesday's election comes as Moscow is facing accusations of war crimes in Ukraine. This year, the International Criminal Court in The Hague issued arrest warrants for Russian President Vladimir Putin and another senior Kremlin official.

At the same time, Russia is seeking to retain or regain international influence, especially in developing countries. Putin has offered African countries free grain shipments at the same time Moscow has warned Ukraine not to attempt to export its own food products and blocked the renewal this year of a pact aimed at allowing Ukrainian grain out of the Black Sea.

Foreign Minister Sergei Lavrov, who represented Russia at the U.N.'s high-level gathering in September, has crisscrossed developing economies during the war, even as he and Putin are barred from the European Union and the U.S. other than the vicinity of United Nations headquarters in New York. Even after the death of Yevgeny Prigozhin, whose Wagner Group mercenary force has been active in Africa for years, Russia has sought to retain its military presence on the continent.

Unlike the U.N. Security Council, where Russia has permanent membership, the Human Rights Council doesn't have enforcement powers and largely focuses on publicly shaming nations accused of human-rights violations. Countries with checkered human-rights records have an incentive to press hard for a seat on the council to insulate them from probes and reports that bear the imprimatur of an official U.N. body. The council includes China, which the U.N. High Commissioner for Human Rights has condemned for its repression of its Uyghur Muslim population, and Cuba, which the U.S. has accused of human-rights abuses.

Last year, the U.N. General Assembly suspended Russia from the council on a 93-24 vote, with 58 countries abstaining. Belarus, China, Cuba and Kazakhstan voted in support of Russia.

U.N. bodies have taken fewer votes on Russia and Ukraine in recent months compared with the first year of the war, and it is unclear if Moscow's diplomatic efforts at the U.N. and in developing economies have borne fruit.

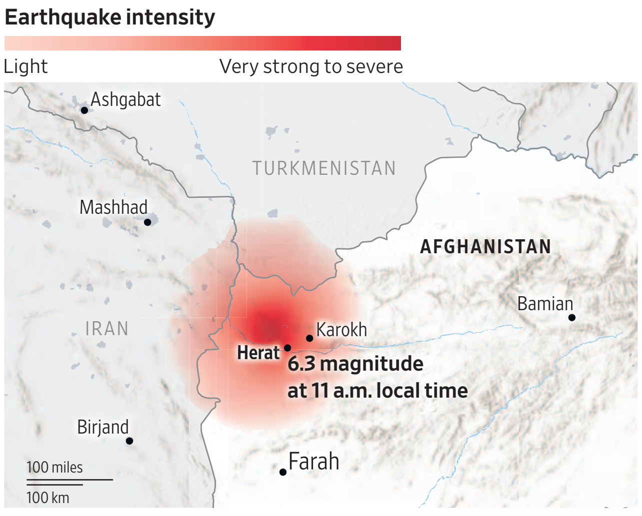
Tuesday's vote is secret, so some countries could be persuaded to vote for Moscow without facing pressure or repercussions from the West. On the other hand, Russia will be unable to punish countries that secretly vote for Albania or Bulgaria, diplomats said.

Powerful Earthquakes Kill Over 2,400 in Afghanistan

By Esmatullah Kohsar And Shan Li

BENYAMIN BAREZ/ASSOCIATED PRESS

People searched for victims on Sunday after an earthquake in western Afghanistan.



Source: U.S. Geological Survey

Camille Bressange/THE WALL STREET JOURNAL

Rescue workers searched for survivors in western Afghanistan after powerful earthquakes killed at least 2,445 people and injured thousands more, in one of the deadliest seismic disasters to hit the country in recent decades.

Two magnitude-6.3 earthquakes struck western Afghanistan on Saturday near the city of Herat, destroying more than 1,300 homes, said Janan Sayiq, a spokesman for the country's disaster-management authority. Some 2,400 people were injured, he said, revising down an earlier figure of more than 9,000.

Abdul Salam Jahanyar, a community leader in the Zinda Jan district of Herat province, said 10 villages were destroyed. Surviving villagers pulled out at least 200 bodies before rescue workers arrived.

Videos circulating on social media show swaths of villages reduced to rubble and houses flattened. Limited equipment has hampered the effort to dig out the injured and dead, Jahanyar said.

The Taliban said on X, formerly known as Twitter, that military and service organizations have been directed to the affected areas to transport the injured to hospitals, deliver food and help those who have lost homes.

"We ask our wealthy compatriots to provide any possible cooperation and assistance to their afflicted brothers," Taliban spokesman Zabiullah Mujahid wrote.

The World Health Organization in Afghanistan said it had dispatched ambulances and sent workers and medical supplies to the area. At least 500 patients have gone to the regional hospital in Herat.

The U.S. Geological Survey reported that an earthquake struck near the city of Herat shortly after 11 a.m. local time on Saturday. That was followed about 30 minutes later by another quake and several aftershocks of lesser intensity.

Afghanistan is prone to earthquakes because the country sits on a number of fault lines affected by the interactions between the Arabia, Eurasia and India plates. In June 2022, an earthquake that struck eastern Afghanistan killed at least 1,000 people and injured hundreds.

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MOHAMMED FAYQ ABU MOSTAFA/REUTERS

Palestinians break into the Israeli side of the Israel-Gaza border fence after gunmen infiltrated areas of southern Israel on Saturday.

Harrowing Scenes Fill War's Start

Continued from Page One

Unlike the surprise attacks of the 1973 Yom Kippur War, Saturday's onslaught occurred inside Israel itself against civilians and communities left at least temporarily undefended by a security establishment that has long prided itself on pre-empting terror threats from its periphery.

The first blow landed just after 6:30 a.m., when sirens wailed in southern and central Israel warning of incoming aerial attacks. At an all-night outdoor rave in an open field near the Gaza border, the party abruptly halted as nearly 3,000 revelers who had spent the night dancing heard the sirens and saw hundreds of rockets flying overhead.

TSAFRIR ABAYOV/ASSOCIATED PRESS

Israeli police officers evacuate a woman and child from a site hit by a rocket in Ashkelon, in southern Israel.

As many as eight pickups and seven motorbikes carrying militants from Hamas, which is designated by the U.S. as a terror group, were in the first wave that poured through gaps opened that morning in the Gaza fence, along with dozens more on foot. Based on footage posted by militant groups, the gunmen bombed observation towers and then attacked security personnel at three Israeli military bases along the border.

Within a few minutes they had reached the site of the rave. Shouts of "terrorists, terrorists!" rang out across the crowded field along with the rapid pop of automatic weapons.

'It was chaos'

Eilat Shalev, 47, began to run and became separated from her husband, Shai, in the confusion. She called their daughter, Shaked Shalev, who wasn't at the rave. "She was stressed and I heard shooting in the background," said Shaked Shalev. "It was chaos."

Eilat Shalev hid behind a grapefruit tree, while others ran to their cars, lined up along a nearby road. She is alive and back home but her husband is still unaccounted for.

Another partygoer, Shani Amin, 18, who had attended the music festival with her boyfriend, called her grandfather, Ami Halfon, over video at 8:26 a.m. "Grandpa help me! Help me! They are shooting at us," she told him. Her grandfather tried to ask her where she was and what had happened but received no answer. Blood was visible on her neck. "Adam wake up, open your eyes," she said to her boyfriend before the call went dead. Neither have been heard from since.

Over 250 dead bodies were later found at the rave location, according to Israeli state broadcaster Kan, citing a volunteer search-and-rescue group.

Israelis in border towns began reporting the presence of masked Palestinian gunmen in the small cities of Ofakim, Sderot and Netivot and in multiple villages. Hamas fighters roamed deserted streets on foot and in vehicles, sometimes in military formation. Israelis were found shot dead in their cars, numerous bodies were piled up at a bus stop, and reports spread of militants burning houses to force out residents.

At least 700 people have been confirmed dead, according to Israeli authorities. Dozens of Israelis, including army officers, are being held hostage, according to the armed wing of Hamas. Palestinian officials say more than 300 people have been killed in Gaza in Israeli counterattacks. Israel says it has killed hundreds of Gaza militants so far.

Many of the Israelis were killed or taken hostage in the first hours of the Hamas assault, when Israeli army, police and border guards were themselves under attack, unable to come to the aid of besieged towns.

In some communities, residents said, they received warnings to hunker down in bomb shelters that are common in Israeli communities, and to lock their doors and stay quiet.

Accustomed to rocket attacks from Gaza, many Israelis said they initially weren't prepared for what amounted to a ground invasion.

After the first wave swarmed into Israel, militants opened another gaping hole in the security barrier with a tractor and more fighters crossed over on foot and on motorcycle. Footage posted by militants showed convoys of additional pickups and motorbikes climbing the dunes and streaming into Israeli territory.

They began rounding up hostages and shuttling them back into the Gaza Strip. Captured Israeli military vehicles were later driven into Gaza and paraded there.

In one video, an ATV carrying at least one Israeli hostage sped down a sandy roadway inside Gaza. In another, an elderly woman was shown being driven down a Gazan street in a golf cart. A middle-aged Israeli man, identified as an Israeli commander, was shown being dragged through a street, barefoot and wearing only underwear and a T-shirt.

After militants managed to strike an Israeli tank along the border, footage posted by militants shows Gazans pulling an apparently dead Israeli soldier out of the smoking vehicle.

Held hostage

One of the hardest hit communities was Kibbutz Be'eri, near Ofakim, 3 miles from Gaza. Gunmen patrolled the deserted streets, residents said, shooting and capturing residents. Around 50 Israelis were held hostage in the dining facility of the Jewish collective and would only be freed after a seven-hour ordeal after Israeli soldiers raided the facility, according to an Israel Defense Forces spokesperson.

Miri Gad Messika, her husband and three teenage children had locked their door and hid in their second-floor apartment for five hours after local authorities informed residents by an app that terrorists had infiltrated their kibbutz.

At midday they heard Arabic-speaking militants threatening their elderly neighbor downstairs. Soon the men came up to try to bash open their lock, Messika said. When that failed, they set the building on fire.

Smoke came out from electric sockets and began to fill their shelter. One hour later, the family found it hard to breathe and decided to jump through the second-story window.

Messika said her 15-year-old son broke his foot when he landed, so they had to help him hop to a neighbors' home, where they took refuge in another shelter.

"When we looked back, there was nothing," said Messika of her cement-block home.

At 1:30 p.m. the military said troops were working to clear communities that had been overrun by gunmen. Messika said that the Israeli army didn't show up until the evening to rescue her family. Meanwhile, about a third of the homes in the 1,200-resident community were set on fire, she estimated.

One reason it took the military so long was that it was under attack across southern Israel. Militants stormed an Israeli army training base called Zikim near the Gaza border full of recruits who had only been in the army for four weeks.

Israel Defense Forces were still working to clear southern Israel on Sunday, and estimated around 1,000 intruders had entered. Deputy international spokesman for the army Nir Dinar said it was doing its best.

A mother of one of the soldiers on the base said that after the Hamas rocket barrage she was frantically texting her daughter, an Israeli soldier, who was at Zikim for the weekend as part of her army duty.

"I sent her messages every hour begging for a sign of life," she said, but heard nothing.

A furious gun battle was raging at the base. Her daughter finally contacted her at 7:11 a.m. Sunday, describing how veteran soldiers at the base had battled the militants while less experienced recruits took cover as "crazy shooting" went on for hours. There were several moments, her daughter told her, that they thought they wouldn't make it.

She couldn't come home after the weekend, she told her mother. Her unit had been given new orders and needed to stay in the field.

Among the Israeli victims is Idan Herman, 26, who is fighting for his life at Soroka hospital in Beersheba, in southern Israel. Herman and his girlfriend Eden Naftali, 23, were among the thousands at the rave near the Gaza Strip Saturday morning when the attack broke out, according to his father, Avri Herman.

His son was hit with shrapnel in his leg and chest, Avri Herman said. He arrived at Soroka Saturday afternoon, but his parents didn't learn he was alive until 9 that evening when they arrived at the hospital to fill out a missing persons form and a social worker told them he might be among the victims there.

It took them almost 10 minutes of standing over his body to be sure it was their son, said Herman.

His girlfriend hasn't been seen or heard from since Saturday.

—Ari Flanzraich contributed to this article.

KOBI WOLF/BLOOMBERG NEWS

The Israeli army moves toward the border with Gaza outside Sderot on Sunday.

SAID KHATIB/AGENCE FRANCE-PRESSE/GETTY IMAGES

Relatives carry the bodies of children killed in Israeli strikes in the Palestinian city of Rafah during their funeral on Sunday.

NAAMAN OMAR/ZUMA PRESS

Palestinians inspect the ruins of Watan Tower, which was destroyed in Israeli airstrikes, in Gaza City.

Assault Reflects Israeli Security Failures

Hamas-led attack punctures country's aura of invincibility; U.S. 'had no intel'

BY DION NISSENBAUM AND ANAT PELED

TEL AVIV—"Where is the Israeli military?" Tamir Erez said he kept asking himself as explosions rang out and bullets flew over his home in Mefalsim near the Gaza Strip border.

He fled town with his children holding their heads down so they couldn't see the bodies of dead Israelis killed by Palestinian militants.

"It will take a long time for us to recover from this day," Erez said.

Israel's failure to anticipate an attack on Saturday that left hundreds of soldiers and civilians dead and militants rampaging through villages punctured a sense of invincibility built on its vaunted military and intelligence apparatus. It left the world questioning what went wrong and Israel's leaders facing pressure to retaliate with overwhelming force.

Hamas's attack also caught the Biden administration by surprise, several senior U.S. civilian and military officials said.

"I'm confident we had no intel," said retired Rear Adm. Mark Montgomery, who said he was in Israel this year, including touring defenses at one of the kibbutzim in southern Israel that was overrun by Hamas.

Montgomery said a senior U.S. military officer in the region got on a plane and returned to the U.S. in recent days, implying that wouldn't have happened if Washington knew an attack was coming.

The assault came as Israel faces its most difficult series of threats in the decades since what remains the country's greatest security failure, the Yom Kippur War, the surprise attack launched 50 years ago this month by Egyptian and Syrian forces.

Iran has provided unprecedented coordination among the forces of several militant groups, including Hamas in Gaza and Hezbollah in Lebanon, and stoked deadly conflict in the West Bank, putting Israel at risk on three fronts.

Using rockets, paragliders, motorcycles, pickup trucks, and boats, Hamas militants from the Gaza Strip launched a coordinated attack that showed an unexpected level of sophistication.

Israeli forces appeared to be caught completely by surprise as Hamas militants in Gaza used bulldozers to tear down the security fence with Israel and streamed into the country.

"Clearly this was a well-planned operation that didn't just emerge overnight and it's surprising it was not detected by Israel or any of its security partners," said Brian Katulis, vice president of policy at the Middle East Institute think tank in Washington. "It's hard to think of a security failure of this magnitude in Israel's recent history."

Israeli security leaders had played down the threat from Hamas in recent months, as the group abstained from conflicts started by its smaller ally in Gaza, Palestinian Islamic Jihad. There was a sense that Israel, with its Iron Dome air defense systems, had rendered ineffective Gaza's main threat of short-range rockets.

The Israeli military in September confidently characterized Gaza as being in a state of "stable instability," suggesting that the dangers posed by Hamas militants were largely contained.

Recent Israeli intelligence assessments of Hamas were that the militant group had shifted its focus to trying to stoke violence in the West Bank and that it was looking to avoid launching major attacks from Gaza in an effort to avoid the kinds of punishing Israeli military responses that have devastated the isolated area in the past.

In many respects, Saturday's surprise attack was a low-tech assault that relied more on the element of surprise than advanced weaponry. Palestinian militants armed with machine guns, rocket-propelled grenades and pistols were able to stream into Israeli towns and military bases with surprising ease.

"It's unbelievable," said Meir Elran, a researcher at the Tel Aviv-based Institute for National Security Studies. "Everybody was talking about Hamas being quiet and being stable. This whole structural concept is shattered just in front of our eyes in a very devastating ugly manner."

Jonathan Schanzer, senior vice president of research at the Foundation for Defense of Democracies think tank in Washington, described Saturday's attack as a remarkable military and intelligence failure by Israel.

Fights Rage In Mideast After Attack

Continued from Page One

lis and taken additional hostages during the latest clashes with the military.

Meanwhile, another Iran-backed militant group, Hezbollah, fired mortar shells and a missile at Israeli targets from southern Lebanon. The Hezbollah attacks raised the specter of a second front opening in the conflict as Israel prepared for broader strikes on militant targets in Gaza. Hamas sought to sow more turmoil, calling for Palestinians in the occupied West Bank to riot and confront Israeli soldiers there.

Late Sunday, Gaza militants fired another barrage of rockets, while Israel carried out airstrikes in the Palestinian territory. The Israeli military also said that one of its marine commando units had captured a Hamas deputy commander of the militant group's naval force.

It isn't clear how many among the Palestinian dead were militants, but Israel's military said it had killed hundreds already. Military spokesman Jonathan Conricus said as many as 1,000 people from Gaza had entered Israel on Saturday, including an unspecified number dressed in civilian clothing.

More than 250 people were discovered dead at a music festival in southern Israel, Israeli state broadcaster Kan said Sunday, citing a volunteer search-and-rescue group. Rave-goers said they fled for their lives, as gunmen opened fire on them Saturday morning and shared footage of people running through a desert and crouching on the ground.

Israeli soldiers were fighting to expel Hamas fighters from towns in the desert hinterland after the group's air, land and sea assault caught the country's security establishment by surprise.

Hamas fighters' initial push reached more than 20 miles into Israel, and militants got inside at least four military bases along Israel's frontier with Gaza.

The endgame for Israel, Hamas and the rest of the Middle East will likely be determined in the coming days based on the scale of the Israeli military response and whether another front opens up with Palestinian militants in southern Lebanon or the West Bank, triggering a broader regional conflagration.

"This is going to be a long, long haul," said Richard Hecht, another military spokesman.

The attack came as tensions at the Gaza-Israel border have been heightened, with Palestinians sending incendiary balloons and the Israeli military conducting airstrikes. But there had been no indications of imminent full-scale conflict. In remarks following the Gaza incursion, Hamas leaders cited long-simmering tensions between Israel and the Palestinians, including disputes over access to holy sites in Jerusalem.

Across Israel, shock and grief prevailed over what many are calling their own 9/11 terrorist attacks. Police set up checkpoints on highways leading to the south, creating traffic jams for miles. The military said schools nationwide would be closed for days. In Tel Aviv, cafes and gyms were shuttered. Thousands of Israelis lined up for hours to donate blood.

The evacuation of civilians from Israeli areas bordering Gaza was a precursor to a massive counterattack, said Maj. Gen. Israel Ziv, a former head of operations and the Gaza division for the Israel Defense Forces. "This is only chapter one," he said about ongoing ground operations in the south.

More than a dozen buildings in Gaza were destroyed in initial Israeli strikes, and more than 1,200 residential units were partially damaged, said Salama Marouf, a Hamas spokesman.

Israel's counterstrikes could be complicated by scores of hostages taken during Saturday's raids. Abu Obeida, the spokesman for the armed wing of Hamas, which rules Gaza, said the group had abducted dozens of people, including Israeli army officers, and spread them out across Gaza, warning Israel "not to take any irrational decisions."

Ziyad al-Nakhalah, leader of Palestinian Islamic Jihad, another Iranian-backed militant group in Gaza, said in a televised speech that his fighters alone were holding 30 captives.

The Israeli side has declined to disclose how many of its own it believes have been taken hostage. Most of its casualties, according to the military, were the result of close-contact fighting with Hamas. On Sunday, Netanyahu appointed a former military commander to coordinate efforts related to captured and missing Israelis.

U.S. Secretary of State Antony Blinken said he was working to verify reports of U.S. citizens killed or gone missing in the Hamas attack. Israel Minister for Strategic Affairs Ron Dermer said reports of U.S. hostages were true.

The missing or dead included nationals from the U.K., France, Ukraine and Mexico. A German-Israeli woman was kidnapped and her naked, lifeless body paraded by Hamas militants, her mother and German officials said.

The broad Palestinian attacks unleashed on the Jewish holiday of Simchat Torah threaten to derail U.S.-brokered talks to normalize relations between Saudi Arabia and Israel. President Biden said that the U.S. stands with Israel.

The Pentagon said Sunday it would provide Israel with equipment and weaponry, including munitions, in addition to moving a carrier strike group and several Air Force fighter jet squadrons closer to the country in what a U.S. official described as a show of support for Israel and a deterrent to Iran.

The war comes at a time of significant domestic political turmoil within Israel, with the country divided over a plan by Netanyahu and his far-right allies to weaken the country's Supreme Court.

Netanyahu is discussing forming an emergency unity government with opposition leaders.

"What happened today has never been seen before in Israel and I will make sure it doesn't happen again," Netanyahu told the nation Saturday night after earlier declaring war on Hamas. "Difficult days are ahead of us, but we will win."

The Israeli military has estimated at least 3,250 rockets were fired from Gaza. Shaken Israelis sought refuge in safe rooms and bomb shelters. Explosions boomed across Tel Aviv overnight as the country's Iron Dome air-defense system shot down rockets, although some fell on the city, injuring civilians.

Meanwhile, in Gaza, nearly 124,000 Palestinians fled their homes in anticipation of a wider Israeli retaliation, with some seeking shelter in schools and emergency shelters.

—Shayndi Raice, Summer Said, Benoit Faucon, Fatima AbdulKarim, Anat Peled, Adam Chamseddine, William Mauldin, Chao Deng, Nancy Youssef and Dion Nissenbaum contributed to this article.

AMIR LEVY/GETTY IMAGES

Police officers stopped people at a checkpoint in Ashdod, Israel, on Sunday, as they searched for Hamas militants.

Communities were evacuated after Hamas penetrated Israel by air, land and sea from the Gaza Strip.

Note: List of places where rocket sirens were heard is not exhaustive.
Sources: Israeli military (evacuated towns; rocket sirens); staff reports (infiltrated villages)
Carl Churchill/THE WALL STREET JOURNAL

Militants Say Iran Assisted

Continued from Page One

waveringly aligned with the legitimate interests of the Palestinian people," the spokesman said. "We are not involved in Palestine's response, as it is taken solely by Palestine itself."

A direct Iranian role would take Tehran's conflict with Israel out of the shadows, raising the risk of wider conflict. Senior Israeli security officials have pledged to strike at Iran's leadership if Tehran is found responsible for killing Israelis.

The IRGC's wider plan is to create a multifront threat that can strangle Israel from all sides—Hezbollah and the Popular Front for the Liberation of Palestine in the north and Palestinian Islamic Jihad and Hamas in Gaza and the West Bank, the senior Hamas and Hezbollah members and an Iranian official said.

Israel has blamed Iran, saying it is behind the attacks, if indirectly. "We know that there were meetings in Syria and in Lebanon with other leaders of the terror armies that surround Israel, so obviously, it's easy to understand that they tried to coordinate. The proxies of Iran in our region, they tried to be coordinated as much as possible with Iran," Israel's ambassador to the United Nations, Gilad Erdan, said on Sunday.

Hamas has publicly acknowledged receiving support from Iran. And on Sunday, President Ebrahim Raisi of Iran talked to Palestinian Islamic Jihad leader Ziyad al-Nakhlah and Hamas chief Ismail Haniyeh.

Iran has been setting aside other regional conflicts, such as its open feud with Saudi Arabia in Yemen, to devote the IRGC's foreign resources toward coordinating, financing and arming militias antagonistic to Israel, including Hamas and Hezbollah, the senior Hamas and Hezbollah members said.

"We are now free to focus on the Zionist entity," the Iranian official said. "They are now very isolated."

The U.S. and Israel have designated Hamas and Hezbollah as terrorist organizations.

The strike was intended to hit Israel while it appeared distracted by internal political divisions over Prime Minister Benjamin Netanyahu's government. It was also aimed at disrupting accelerating U.S.-brokered talks to normalize relations between Saudi Arabia and Israel, the senior Hamas and Hezbollah members said.

Building on peace deals with Egypt and Jordan, expanding Israeli ties with Gulf Arab states could create a chain of U.S. allies linking three key choke points of global trade—the Suez Canal, the Strait of Hormuz, and the Bab Al Mandeb connecting the Red Sea to the Arabian Sea, said Hussein Ibish, senior resident scholar at the Arab Gulf States Institute in Washington.

Leading the effort to wrangle Iran's foreign proxies under a unified command has been Ismail Qaani, the leader of the IRGC's international military arm, the Quds Force.

Qaani launched coordination among several militias surrounding Israel in April during a meeting in Lebanon, The Wall Street Journal has reported, where Hamas began working more closely with groups like Hezbollah for the first time.

Around that time, Palestinian groups staged a rare set of limited strikes on Israel from Lebanon and Gaza, under the direction of Iran, the Iranian official said. "It was a roaring success."

> **Tehran has been setting aside other regional conflicts to focus on Israel.**

Iran has long backed Hamas but, as a Sunni Muslim group, it had been an outsider among Tehran's Shiite proxies until recent months, when cooperation among the groups accelerated.

Representatives of these groups have met with Quds Force leaders at least biweekly in Lebanon since August to discuss this weekend's attack on Israel and what happens next, they said. Qaani has attended some of those meetings along with Hezbollah leader Hassan Nasrallah, Islamic Jihad leader Ziyad Al Nakhalah, and Saleh Arouri, Hamas's military chief, the militant-group members said.

Iranian Foreign Minister Hossein Amir-Abdollahian attended at least two of the meetings, they said.

"An attack of such scope could only have happened after months of planning and would not have happened without coordination with Iran," said Lina Khatib, director of the SOAS Middle East Institute at the University of London.

The Palestinian and Lebanese militias' ability to coordinate with Iran will be tested as Israel's response comes into focus. Egypt, which is trying to mediate in the conflict, has warned Israeli officials that a ground invasion into Gaza would trigger a military response from Hezbollah, opening up a second front, people familiar with the matter said. Israel and Hezbollah exchanged fire briefly on Sunday.

Hamas has called on Palestinians in the West Bank and Palestinian citizens of Israel to take up arms and join the fight.

The Iranian official said if Iran were attacked, it would respond with missile strikes on Israel from Lebanon, Yemen and Iran, and send Iranian fighters into Israel from Syria to attack cities in the north and east of Israel.

Iran's backing of a coordinated group of Arab militias is ominous for Israel. In previous conflicts, the Soviet Union was the ultimate patron of Israel's Arab enemies, said Bernard Hudson, a former counterterrorism chief for the Central Intelligence Agency.

"The Soviets never considered Israel a permanent foe," he said. "Iran's leadership clearly does."

—Anas Baba contributed to this article.

Factory Floor Shifts To China's Interior

Move away from coast puts further pressure on nations aiming to lift output

By Jason Douglas

SINGAPORE—Countries such as Mexico, India and Vietnam face a formidable rival in the contest to knock China off its perch as the world's factory floor: China's vast interior.

Low-cost manufacturing is expanding away from China's bustling coast as companies hunt for cheaper land and labor in central and western provinces. The migration has accelerated in recent years as U.S. tariffs push up costs for factories, and China's coastal megacities focus on high-tech electronics, electric vehicles and other advanced industries.

The result has been an export boom for China's inland provinces that dwarfs the acceleration in overseas sales enjoyed by would-be rivals to China's manufacturing crown.

As inland China develops further, it is helping China deepen its dominance in swaths of global manufacturing, even as Western nations grow wary of China as a supplier for critical industries such as semiconductors and renewable energy.

China still faces major challenges in holding on to its top-dog status. Worsening demographics mean its manufacturing workforce is shrinking, and foreign investment in China is drying up.

The U.S. and its allies are dangling subsidies and other incentives to persuade businesses to embrace alternatives to China, though a sizable shift in companies' sourcing is likely years away, economists say.

"China is going to be a major player in global manufacturing for the foreseeable future," said Gordon Hanson, an economist and professor of urban policy at Harvard University's Kennedy School, who explored the possibility of more manufacturing moving to inland China in a 2020 paper. "China just has too much capacity for the world not to need to rely on it for a good while."

Since the start of 2018, exports from 15 of China's central and western provinces have jumped 94% as factory production expanded beyond the Pearl and Yangtze River deltas that are the engine rooms of China's industrial economy.

In the 12 months through August, those provinces exported a combined $630 billion—more than India's $425 billion, Mexico's $590 billion, and Vietnam's $346 billion over the same period, according to official figures compiled by data provider CEIC.

Exports from China's interior have been growing faster than those countries' exports, too, despite the surge in interest in alternative locations for manufacturing other than China.

Economists say loosening China's grip on manufacturing will be tough.

Since the beginning of 2018, exports from India have risen 41%, exports from Mexico have risen 43%, and exports from Vietnam have increased 56%. All three countries have benefited from the shuffling of global supply chains in the wake of the U.S.-China trade war and the Covid-19 pandemic. In 2018, Mexico was exporting more than China's interior but was overtaken in 2020.

China's coastal provinces, which encompass manufacturing hubs such as Guangzhou and Shenzhen in the south, Ningbo and Shanghai in the east and Qingdao and Tianjin in the northeast, remain the powerhouse of global manufacturing. Together, those regions exported $2.7 trillion of goods in the 12 months through August, around half the total exports of the U.S., European Union and Japan combined.

Average annual private-sector wages in Guangdong more than doubled in the 10 years through 2021, according to China's National Bureau of Statistics. Better-educated younger workers in coastal cities are skipping tough factory work for jobs in services.

Other forces pushing companies into the interior include a search for cheaper factory space and tighter rules in coastal cities to reduce pollution or rezone industrial areas for residential development.

Many companies scarred by the pandemic and spooked by tensions between Beijing and the U.S.-led West are refashioning supply chains to make them less reliant on China.

But economists say loosening China's grip on global manufacturing will be tough.

China's share of global goods exports was 14% in 2022, down slightly from 2021, and compared with 8.3% for the U.S. in second place and 6.6% for Germany, in third. A recent report by Rhodium Group, a New York-based research outfit, said moving factories out of China to other countries may have little impact on China's manufacturing clout, since those factories will remain dependent on Chinese suppliers for materials and components.

WORLD WATCH

AMANUEL SILESHI/AGENCE FRANCE-PRESSE/GETTY IMAGES

GIVING THANKS: Oromo people gathered on the shores of Lake Hora Arsadi during the celebration of Irreecha, a thanksgiving holiday, in Bishoftu, Ethiopia, on Sunday.

ECUADOR

Prison Deaths Spur High-Level Firings

Ecuador's national police chief and the head of the penitentiary institute were ousted Saturday after seven suspects in the assassination of a presidential candidate were killed in prison under mysterious circumstances.

Six Colombian men charged in the assassination of Fernando Villavicencio were killed on Friday in a prison in Guayaquil. On Saturday, authorities said another inmate who was also a suspect in Villavicencio's slaying was killed, this time in a prison in the capital, Quito.

In a statement announcing the removal of Police Chief Fausto Salinas, and the head of the penitentiary institute, Luis Ordóñez, the government said it was moving six other prisoners implicated in Villavicencio's homicide for their safety.

The slayings came days before voters are to cast their ballots for president.

—Ryan Dubé

GERMANY

Opposition Wins 2 State Elections

Germany's center-right opposition won two state elections Sunday at the halfway mark of Chancellor Olaf Scholz's unpopular national government, projections showed, and a far-right party that has been riding high in national polls made gains.

The votes followed a campaign marked by discontent with persistent squabbling in the national government and also by pressure to reduce the number of migrants arriving.

About 9.4 million people were eligible to vote for the new state legislature in Bavaria and around 4.3 million to vote in neighboring Hesse, a region that includes Germany's financial capital, Frankfurt.

Both states were already led by the country's main opposition Union bloc, made up of the Christian Democratic Union and the Bavaria-only Christian Social Union.

—Associated Press

EGYPT

Sentence Upheld For Critic of State

An Egyptian appeals court on Saturday upheld a six-month prison sentence for a fierce government critic who was convicted of defamation last month in a case that stemmed from an online spat.

Hisham Kassem, who is a leading official with the Free Current, a coalition of mostly liberal parties, was convicted of insulting and defaming Kamal Abu Eita, a former labor minister and opposition figure.

He was also convicted of verbally assaulting a police officer.

Kassem was sentenced last month to six months in prison and fined 20,000 Egyptian pounds, around $647, according to Hossam Bahgat, head of the Egyptian Initiative for Personal Rights, which represents Kassem before the court.

Kassem and his lawyers rejected the accusations.

—Associated Press

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Golden retriever Donnie, far left, chews on shoes. Talulah, left, scares Amazon delivery drivers. Below left, Mayzie enjoys pillows while a laser pointer distracts Milo from jumping on older cat Carl.

Owners Keep a Tight Leash On Their Pets With Cameras

Sit down now! Home-security gadgets provide a way to intervene when pets misbehave

CLOCKWISE FROM TOP LEFT: LEEANN SMOLARSKI; MOIRA OCONNELL GREGOIRE; MEKENZIE LOONEY; PATTI JONES

FAMILY & TECH
JULIE JARGON

Millions of households use security cameras on their doorsteps and in their homes to prevent burglaries, monitor packages and keep an eye on the babysitter. People are also using them to catch their pets in the act of mischief—and hound them to behave.

That's how LeeAnn Smolarski monitors Donnie, her golden retriever, when he sets to gnawing on her or her husband's shoes on days when they're both at the office. When their living room Ring camera alerts her that Donnie is up to no good, she opens the camera's app and shouts at him to stop.

"I've caught him a dozen times," says Smolarski, a speech therapist in Garwood, N.J. "When I tell him to stop, he stops." But he only quits temporarily. Donnie has destroyed at least five pairs of shoes, Smolarski says.

Home surveillance is big business. The smart home security camera market is expected to reach more than $30 billion by 2030, a 19% annual growth rate, says Straits Research. As Americans return to the office, and want to keep tabs—or a tight leash—on their pets, they're using their cameras and speakers to scold, comfort and manage from afar. The top offense for dogs, according to a survey of 1,000 pet owners commissioned by Amazon-owned Ring in April, is getting into the garbage. For cats, it's scratching furniture.

The top offense for dogs is getting into the garbage.

What's remarkable is that owners can use the two-way audio on these types of cameras to stop their pets' misbehavior. The cameras have smartphone apps that let people check in from the office or the other side of the globe. Two-thirds of dog and cat owners say they've been able to successfully intervene, according to the Ring survey.

Sometimes things go sideways.

After finding her kitchen trash strewn over her floor more than once, Carly Butters moved her home security camera from the living room to the kitchen to determine the culprit. It was Chief, one of her two German shepherds. He stopped when Carly's husband yelled at him through the camera.

Butters, an HR employee in Queen Creek, Ariz., previously spotted her other dog, Mercy, chewing a picture frame. Pinged by her Ring app while in line at a Starbucks drive-through, she yelled at Mercy to drop it.

As Mercy looked up at the camera, Butters's cat Ling Ling jumped up, blocking her view. "It was this mutiny," she says.

Pets gone wild

Last year Dave Madsen was at his office in downtown Conway, Ark., when his doorbell cam alerted him to motion. There was his dog Dexter on the front porch.

Trouble was, Dexter should've been in the backyard. The mini cocker spaniel-Australian shepherd mix escaped, wiggling through a hole beneath the fence.

Madsen texted his wife, Christina, who was nearby, and kept talking to Dexter through the doorbell, saying, "Dexter, sit. Stay there."

Talulah, a bernedoodle (Bernese mountain dog/poodle) looks like a teddy bear but barks like Cujo, says Moira OConnell Gregoire, of Fairfax, Calif. Neighbors haven't complained about the barking, she says, but Talulah has scared some Amazon delivery drivers.

When OConnell Gregoire is at work, Talulah is in the backyard, where her owner monitors her from one of three outdoor cameras. Whenever she gets notified that someone has opened a gate to get to her front door, she checks on Talulah and tells her not to bark. The dog stops barking immediately when she hears her owner's voice.

Pet owners are going about their camera-talking all wrong, says Julie Rops, a certified professional dog trainer and owner of a Zoom Room Dog Training franchise in Thousand Oaks, Calif.

Telling your dog to quit barking or garbage-diving may stop the action in the moment, but it actually reinforces the behavior. "The attention itself is the reward," Rops says. "Bad attention is still attention."

Instead, she advises pet owners to talk to their pets through cameras when they're behaving well.

'A little obsessive'

A video feed isn't enough for some pet owners, for whom only a dedicated pet cam will do. Two popular brands include Furbo and Petcube. Furbo pet cams cost less than $200 while Petcube cameras range from $35 to $100. Some models can dispense treats and both offer subscription plans that include additional features, such as barking and meowing alerts.

Patti Jones checks her Furbo camera feed often to watch Mayzie, her Weimaraner. Mayzie often acts out her separation anxiety by rearranging the pillows on Jones's couch and bed. Since her owner has 12 pillows on the bed, it's no small task to rearrange them. So when Jones sees Mayzie headed toward the pillows, she instructs the camera to dispense a treat. (Rops, the dog trainer, says this a no-no).

"I know it sounds like I'm a little obsessive," says Jones, who works for a financial advisory firm in Cave Creek, Ariz. Remotely giving treats "is really comforting, maybe more for me than for her."

Cats commit offenses, too.

Mekenzie Looney has caught her one-year-old cat Milo knocking down plants from the windowsill, watching impassively as the pots break. When Looney sees him approaching her Petcube camera, which sits near the plants, she yells at him to get down. He ignores her.

Looney, a legal assistant in Omaha, Neb., resorts to extreme measures when Milo menaces Carl, her 14-year-old cat.

When she catches Milo jumping on Carl, she tries to distract him with the laser pointer built into her older Petcube. The tiny red dot distracts him from Carl, but hasn't been useful in protecting the plants.

Her co-workers often gather around her phone to watch, and Looney's boss recently played with the laser pointer. "When I first got it, I was probably tuning in every hour," Looney says of the camera, a Christmas gift from her father. "My dad is like, 'Who owns who?' My cats totally own me."

Credit-Card Autopay Isn't for Everyone

PHOTO ILLUSTRATION BY THE WALL STREET JOURNAL, ISTOCK (2)

By Imani Moise

Setting up automatic payments is the easiest way to manage your credit-card bills. It is also costing many consumers money.

By setting up automatic payments, or auto pay, you authorize companies to pull money directly from your checking account to settle recurring bills. It has been a standard feature for fixed expenses, such as cable, for more than a decade and is becoming more popular for bills that fluctuate from month to month, like credit cards.

The share of credit-card accounts enrolled in these automatic payments roughly doubled between 2015 and 2020 and continues to rise, according to data from the Consumer Financial Protection Bureau, or CFPB, and industry executives.

In theory, higher autopay enrollment should lead to reduced credit-card fees since customers who sign up for automated payments are less likely to forget to pay their card and thus can avoid late fees and interest charges. Yet, the total fees and interest paid by cardholders rose 19% to $240 billion from 2015 to 2020, according to federal data.

Consumers often wind up underpaying when they autopay, according to a study by Jialan Wang, associate professor of finance at the University of Illinois Urbana-Champaign and former economist for the CFPB. Borrowers who use autopay pay off between 8% and 17% less of their monthly credit-card balances compared with customers who make manual payments, according to the study.

Smaller payments then lead to paying more in interest, which might offset the benefit of avoiding late fees, especially as interest rates rise, she said.

How it works

When credit-card customers sign up for autopay, they typically have three options for monthly payments: the required minimum, the statement balance in full, or a custom amount. Most people who enroll in autopay choose either the minimum payment or full balance, said Wang.

Those who pick "pay in full" when they set up their automatic payments are more likely to change their settings within the first 10 months since this option is less affordable in the long term, her 2022 study for the National Bureau of Economic Research suggests. Those who pick "minimum payment" tend to keep that setting.

Pitfalls of autopay

Today, more than three-quarters of people are using autopay for at least one bill, said Derek Swords, vice president of digital payments at Fiserv, a payments company. Automatic payments are becoming more popular because of their convenience, he said.

Most consumers are more comfortable setting up recurring payments as subscription models are used for everything from streaming services and gym memberships to coffee and lingerie.

"It's a set-it-and-forget-it mindset," Swords said.

Banks like it, too. Customers who are on automatic payments pose half the risk of customers with similar credit who aren't on autopay, said Max Axler, chief credit officer at Synchrony Financial, which services more than 70 million credit-card accounts.

"If I had my way, I'd have 100% of our population enrolled," he said.

Credit-card companies usually give customers who occasionally miss payments the benefit of the doubt and assume they simply forgot. Late payments typically aren't reported to credit bureaus until they are more than 30 days late.

But accounts that unenroll from autopay before their balance is paid in full or have multiple automatic payments returned for insufficient funds raise immediate red flags, said Axler.

"It's not uncommon for that person to go delinquent," he said.

While autopay enrollment has no direct impact on credit scores, being perceived as riskier by your bank could make it harder to get approved for more credit or lead to reduced credit limits, financial advisers say.

At Capital Services, a credit-card company that manages the card portfolios for a number of regional banks, 0.3% of autopay plans are terminated every month for insufficient fees.

That churn rate isn't high enough to raise alarm, but it is high enough to show that autopay isn't viable for everyone, Sherry Tunender, senior vice president at Capital Services, wrote in a letter to the CFPB viewed by The Wall Street Journal.

"Individuals who have enrolled in [autopay] but whose payments are getting returned should not have been enrolled in the first place," she said.

Pick your defaults

The only surefire way to avoid fees and interest charges with autopay is to pay off your balance in full. But that only works for people with reliable income and steady spending habits. Overdraft fees can offset any savings from late fees if you spend more on your credit card than you have in your checking account.

You can avoid overdrafts by scheduling your automatic payments on days you get paid instead of using the default statement date, Wang said.

There is also value in paying your bill the old-school way, manually, financial advisers say. Actively managing your account helps you stay on top of your spending and spot any fraudulent charges.

"Autopay has not really changed very much for many years, and whether or not consumers use it, it's not necessarily serving them that well," said Wang.

Have a No-Win Job? Sign Them Up

Prestige, pay and just being wired differently motivate people to take on daunting roles

ON THE CLOCK
CALLUM BORCHERS

Why did Kevin McCarthy take that job in the first place?

It's the natural question after the California congressman was voted out as speaker of the House by Democrats and some fellow Republicans last week. It took 15 rounds of balloting to win the position in January, and he seemed set up to fail by intraparty critics who made governing nearly impossible.

Those who have taken on similar no-win jobs say the only thing harder than accepting the position is passing it up. Even if the role is daunting, they offer enough prestige—or pay—that they're irresistible.

Some leaders are just wired differently than the rest of us. Where you and I see almost zero chance of success, they see a shot to pull off something magical.

"The private calculus that any individual makes is: What's the downside?" says Jim Citrin, who leads the CEO practice of executive-search firm Spencer Stuart. "If everybody knows the job is really challenging and it doesn't work out, well, that was the expectation. If it does work, then you're a hero."

To this day, Alan Fishman—who became chief executive of Washington Mutual 17 days before it was seized and sold by federal regulators—believes that he could have turned around the bank if given enough time. Others saw a suicide mission. He saw a relatively simple business model that could be fixed.

"Failure wasn't the issue in my mind," he says. "I never thought the FDIC was going to take the bank."

His belief that Washington Mutual was an important institution gave him a strong sense of purpose in the face of obstacles, noting that executives are often willing to take on big challenges when the work feels meaningful.

Following a legend

The McCarthy saga even features side squabbles over office space. Former House Speaker Nancy Pelosi (D., Calif.) got booted from her hideaway in the Capitol. She was notified via email by interim Speaker Patrick McHenry (R., N.C.): "Please vacate the space tomorrow."

It isn't often that Congress, a sui generis workplace if there ever was one, resembles our daily office life. Then again, a lot of bosses deal with unruly staff who are never satisfied and backstabbing colleagues who cut deals with their rivals.

The temptation to give up and walk away has got to be strong. More than 1,200 CEOs have left their jobs so far this year, the highest on record since 2002, when outplacement firm Challenger, Gray & Christmas started counting.

Anybody who follows a legend has to feel at least a tinge of impostor syndrome. When Tim Cook succeeded Steve Jobs at Apple, there was widespread doubt anybody could fill Jobs's shoes. Eleven years later, Cook is the longest-serving CEO of Apple, one of the most valuable companies on earth.

The ending isn't always so happy, however. (See also Disney and GE.)

No-win jobs can also come with lucrative consolation prizes. Irving Picard, the court-appointed trustee tasked with clawing back funds for Bernie Madoff's victims, recovered 75 cents on the dollar of the stolen money. His firm, Baker-Hostetler, took in more than $1 billion in fees for the job.

And consider the bull rider: Who looks at a one-ton, bucking piece of beef and thinks, "I can master that!"? More than 75% of professional bull riders get thrown in competition, according to ProBullStats, but hang on for eight seconds and the payoff can be huge. Stetson Wright, 24, lassoed $900,000 in winnings last year after an epic rodeo season.

The Elon Musk effect

Some highly successful people are nearly delusional in their beliefs that they can achieve lofty goals where others can't, says Jon Levy, a behavioral scientist who consults with organizations on building culture. It's a mindset that can propel them beyond most of the rest of the population. You could call it the Elon Musk effect. If they considered their chances in rational terms, Levy says, they would probably give up.

"You need to be so confident that you believe you can achieve something completely insane," he says.

What looks like a doomed career move can still carry a lot of upside, provided it meets certain conditions, says executive coach Keith Ferrazzi. No. 1, he says: Is it a bigger, better platform to promote your brand to the world? McCarthy, for his part, may have had one of the shortest tenures ever as House speaker. Then again, Ferrazzi points out, "imagine what his speaking fees will go up to now," not to mention book-writing and other opportunities.

The second is: Do you have a clear strategy for transformation? "You have to fundamentally change the ways of work to get there," he adds.

Ferrazzi points to General Motors Chief Executive Mary Barra as a case study for turning an impossible job into success. When she took GM's helm in 2014, her mission was to steer GM toward a new future after its humbling 2009 government-funded bankruptcy. That involved not just pushing GM to modernize with electric vehicles but building a new culture that encouraged employees and managers to be more transparent with one another.

Barra's baptism by fire came a few weeks into the CEO job: an ignition switch problem that would lead to a massive recall and be linked to 124 deaths. After hiring a former U.S. attorney to conduct an internal probe, she fired more than a dozen employees, instituted an "if you see something, say something" policy and restructured engineering operations to enable quicker responses to potential safety violations.

"If you swing for the fences, no one is going to hold it against you," Ferrazzi says of taking on a big, daunting job. "You make a bad brand for yourself when you do it with poor values or with poor strategic decisions."

Vanessa Fuhrmans and Lynn Cook contributed to this article.

California Congressman Kevin McCarthy was voted out as speaker of the House last week.

Tim Cook, above, is the longest-serving CEO of Apple. Stetson Wright, right, a 24-year-old cowboy from Milford, Utah.

FROM TOP: PHOTO ILLUSTRATION BY SAM KELLY/THE WALL STREET JOURNAL, BLOOMBERG NEWS; ISTOCK (2); GETTY IMAGES (2)

WHAT'S YOUR WORKOUT | JEN MURPHY

Yoga Helps 'Human Cannonball' Soar at the Circus

If you think getting tackled by an NFL lineman is tough on the body, try being shot out of a cannon night after night.

"It's terrifying, thrilling and a lot can go wrong," says Skyler Miser, the newest human-rocket act for Ringling Bros. and Barnum & Bailey Circus. "Even when things go right, you feel like you've been beat up, your muscles are so sore."

The 19-year-old Miser is a second-generation circus performer. She grew up watching her father, Brian Miser aka the Human Fuse, and mother, Tina Miser, getting shot out of cannons. After years of begging to "play cannonball," her dad built a mini cannon. At age 8, she was blasted 18 feet into the air.

"It was like free-falling on a really fast roller coaster," she recalls.

Miser received circus instruction near her home in Peru, Ind., then made her way to the stage at age 13 as an aerialist. But her love of the cannon tugged at her. For the past year-and-a-half she's been perfecting her human cannonball performance.

To practice the stunt, Miser squeezes her 5-foot-3-inch, 103-pound frame into a 25-foot long, 36-inch-in-diameter cannon. She slides down on her stomach so that she's in a modified plank position awaiting the countdown.

"It's not for the claustrophobic," she says. She tenses every muscle in her body to brace for impact. When the fuse ignites to propel her 70 feet in the air at speeds of up to 65 miles an hour, she slowly rotates her body in a half flip, spotting the safety bag the entire time. She lands flat on her back on the bag. For practice, she's shot around 40 feet in the air. She doesn't wear a helmet because she says it weighs her down.

The act challenges her mentally and physically. She over-rotated during a practice earlier this year, creating a whiplash effect that bruised her neck.

"When you have a bad flight like that and know you have to go back and do it again, it's tough mentally," she says. Miser meditates before performances to help focus and reduce anxiety.

Her professional human cannonball career with the Greatest Show on Earth kicked off Sept. 29, in Bossier City, La. Miser plans to tour with the circus over the next two years.

The workout

Miser performs yoga daily. She will flow through a series of sun salutations or follow free online yoga videos, like "Yoga With Adriene." She always integrates yoga, stretching and foam rolling into her warm-up and preshow routine, focusing on releasing tension in her hip flexors and back. She also likes to stretch out her back by hanging from a bar. She does strength training with kettlebells three times a week, doing kettlebell swings, squats and push-ups. She keeps the weights light, around 10 to 15 pounds, to not overtax her body. "The cannon is already a lot of strain," she says.

Miser performs drills on a trampoline to help hone body awareness in the air and to help her practice landing safely. In one regular exercise, she jumps vertically, flips forward and watches the trampoline bed as long as she can before tucking and landing horizontally on her back.

She also practices falls on an air bag. She'll stand on a platform around 30 feet high, with her toes hanging off the sides. Rather than jump, she allows her body to fall, rotating forward tucked in a ball or with straight legs in a pike, and landing flat on her back.

She prioritizes sleep, aiming for 10 hours a night.

The diet

▶ **Breakfast:** Miser says keeping a healthy diet on the road is tough. The one meal she feels like she can control is breakfast: oatmeal, topped with brown sugar and fruit.

▶ **Protein punch:** She tries to get her protein fix at lunch, topping a salad with beans and chicken, along with carrots, cucumbers and peppers, all dressed in balsamic vinaigrette.

▶ **Dinner:** She keeps it simple with rice and beans or pasta.

▶ **Snacks:** Popcorn or sliced veggies and fruit.

▶ **Splurge:** Chicken nuggets, fries and cookie dough ice cream.

The gear

For performing: "When you take off from the cannon, you don't want your skin scraping the sides," Miser says. She buys apparel that covers her forearms and legs from Gymshark and Nike.

▶ **For yoga:** She has a Doterra yoga mat. For yoga, she wears Nike leggings and thrifted tops.

The playlist

Classic rock is her jam. Bon Jovi, Kiss and AC/DC are staples for workouts. When she's in the mood for a podcast, she tunes in to "The Joe Rogan Experience."

Miser sits inside the cannon that will blast her 70 feet into the sky for the human-rocket act.

JOSH RITCHIE FOR THE WALL STREET JOURNAL (2)

ARTS IN REVIEW

By Karen Wilkin

ART REVIEW

A Master and His Imitators

Two stunning Caravaggios shown alongside works by those who were inspired by his talents

Caravaggio's 'The Cardsharps' (c. 1595), above, and 'Martha and Mary Magdalene' (c. 1598), left

Chicago

Small, tightly focused exhibitions are antidotes to sprawling blockbusters. They allow concentration on individual works and on complex narratives that illuminate the few examples presented for our delectation. I have fond memories of the Metropolitan Museum of Art's isolated presentation of Duccio di Buoninsegna's tender "Madonna and Child," when the late-13th-century masterpiece was acquired. The Frick Collection occasionally mounts tasty, small shows; I remember one in the tiny gallery near the mansion entrance, about the 15th-century monk who commissioned its stellar Jan van Eyck, "Virgin and Child With St. Barbara, St. Elizabeth, and Jan Vos" (c.1441-43), a fascinating tale of early Netherlandish art and patronage, economically told.

Now, the Art Institute of Chicago has created a miniature overview of the Baroque art world, "Among Friends and Rivals: Caravaggio in Rome," centered on two fine paintings of grouped half-length figures by the rowdy, brilliant bad boy of Italian painting. One, "The Cardsharps" (c. 1595, Kimbell Art Museum), was painted not long after Caravaggio, in his early 20s, arrived in Rome from Milan. Crisply detailed images of equivocal subjects, such as this close-up of an elegant young man being victimized by a team of cheats who sport flashy clothes and plumed hats, announced Caravaggio as the most inventive painter of the moment and won him powerful patrons and, soon, devoted imitators. The second canvas, "Martha and Mary Magdalene" (c. 1598, Detroit Institute of Arts), offers the swelling forms, moody color and expressive lighting typical of the mature artist, who died at age 38 in 1610. Martha, partly turned away from us, seems to have convinced her richly clad sister of the rewards of virtue and piety. Mary Magdalene is bathed in transformative light, reflected by the mirror she holds, no longer an emblem of vanity.

Three works from the Art Institute's collection contextualize the borrowed Caravaggios, including "The Resurrection" (c. 1619-20), the only documented painting by Francesco Buoneri, known as Cecco del Caravaggio because he is thought to have posed for him and possibly assisted him during his last years in Rome. What's certain is that Buoneri looked hard at Caravaggio's efforts. "The Resurrection" is packed with active figures who echo characters and gestures from the older artist's best-known works, sharply delineated by pitiless light. Painted a decade after Caravaggio's death, "The Resurrection" reminds us of his persistent influence for a good deal of the 17th century. The proximity of "The Cardsharps" and "Martha and Mary Magdalene" makes plain that while Buoneri assimilated the clarity and immediacy of Caravaggio's early work, as well as his radical habit of populating religious dramas with ordinary, contemporary people, he failed to master the moody, theatrical play of dark and light that intensifies the burgeoning forms and reveals the important details of Caravaggio's later images.

The five-painting installation is completed by Bartolomeo Manfredi's "Cupid Chastised" (1613) and Giovanni Baglione's "The Ecstasy of St. Francis" (1601). Both show their debt to Caravaggio's innovations: violence front and center; dramatic lighting; surprising amounts of flesh; and, above all, the sense that the ample figures filling the canvas project into our space—the painting is no longer a window into a fictive distance, as it had appeared to be since the invention of mathematical linear perspective. In Manfredi's emblem of the conflict between love and war, the naked, blindfolded Cupid writhes on the ground, as Mars raises his arm to lash him; Venus tries to restrain her angry lover. Baglione's ascetic saint collapses, downstage, in the arms of a Caravaggesque street-urchin angel; another angel is crowded into the available space. It's a surprise to be reminded that Baglione, like most Roman painters of the day, was deeply influenced by Caravaggio early on. Soon after completing "The Ecstasy of St. Francis," though, he became a fierce enemy, dismissing his rival's work as mere copying from nature.

A modest selection of the museum's Baroque holdings on the gallery's other walls provides context for the five-painting special exhibition. Francisco de Zurbarán's and Jusepe de Ribera's dramatically lighted figures read as direct responses to Caravaggio's example, testimony to his potent influence that extended beyond Italy, even after his death. Works by younger artists, such as Guercino and Luca Giordano, demonstrate alternatives to Caravaggism; the rapidly brushed Giordano suggests the influence of Peter Paul Rubens. An unfinished Guido Reni, "Salome With the Head of St. John the Baptist" (c. 1639-42), reveals a struggle with the legs of a kneeling figure, while Francesco Mochi's suave marble head of a curly haired boy recalls the dominance of Gian Lorenzo Bernini in Rome, in the years after Caravaggio's death. And there's the Art Institute's stunning El Greco, "The Assumption of the Virgin" (1577-79)—not Caravaggesque, but a great painting that is always a pleasure to encounter.

"Among Friends and Rivals: Caravaggio in Rome" makes us look hard at both the paintings at its heart and the contextual works, and think hard about the conversation among them.

Among Friends and Rivals: Caravaggio in Rome
The Art Institute of Chicago, through Dec. 31

Ms. Wilkin is an independent curator and critic.

Below left to right: Bartolomeo Manfredi's 'Cupid Chastised' (1613), Cecco del Caravaggio's 'The Resurrection' (c. 1619-20), Giovanni Baglione's 'The Ecstasy of Saint Francis' (1601)

ART INSTITUTE OF CHICAGO (5)

SPORTS

Dodgers' Pitching Is Tested

The NL West champions are relying on a group of rookies to help them through the playoffs

By Lindsey Adler

Over 16 major league seasons, Clayton Kershaw has developed an unwanted reputation as a pitcher who thoroughly dominates the regular season and often sputters in the playoffs. On Saturday night, the longtime Los Angeles Dodgers ace didn't just sputter—he suffered through the most nightmarish meltdown of his career.

The 35-year-old Kershaw got the start for Game 1 of the Dodgers' division series against Arizona and didn't last until the first commercial break. He gave up six runs and got just one out before being sent to the showers. Kershaw left the field, and potentially his career, on a miserably sour note.

Kershaw's collapse served as a blaring warning sign of the pitching woes that could lie ahead for a Dodgers team that is once again trying to turn a powerful regular season into a World Series title. The Dodgers again won 100 games this year, but entered the postseason with a shoestring pitching staff that has left them with few experienced starters other than Kershaw.

ASHLEY LANDIS/ASSOCIATED PRESS

Clayton Kershaw got the start for Game 1 of the Dodgers' division series but only recorded one out.

Then on Saturday, their legendary left-hander immediately put them in a hole as the Dodgers were pummeled 11-2 by the Diamondbacks, Kershaw is still anticipated to start Game 4 of the NLDS, Dodgers manager Dave Roberts said after the loss.

That is, if the Dodgers get through their next two games—far from a guarantee.

In Game 2, the Dodgers will turn to rookie starter Bobby Miller, who had a strong debut season but has a total of 22 MLB starts under his belt. They have not announced who will start Game 3, but veteran righty Lance Lynn is an option, along with rookies Emmett Sheehan and Ryan Pepiot.

Miller, the breakout star of the staff, had a 3.76 ERA over 124⅓ innings. Sheehan had rougher luck with a 4.92 ERA in 60⅓ innings, but had a great run in September. Pepiot had a 2.14 ERA in a much smaller sample of eight outings (three starts) and 42 innings and is expected to appear in Game 3 in a yet-to-be-announced role.

"They're way more prepared than when I first came up," Kershaw said of the rookies prior to his disastrous outing. "They're ready for the moment, and I think they're going to be great."

The Dodgers suddenly need their rookie pitchers to meet the moment just to get them out of the first round after a 100-win season. They have gotten there via 24 intermittent starts by Kershaw, 22 by Miller, and outings by Julio Urias, Tony Gonsolin, Noah Syndergaard, Dustin May, and others.

Los Angeles faces a climb to the World Series without most of the expected members of the rotation. Fledgling ace Walker Buehler missed the entire season after undergoing his second elbow surgery. Gonsolin and May had their seasons ended early as they, too, underwent elbow surgeries Syndergaard was a disastrous free agent signing and was traded midseason. Urias is on MLB's administrative leave list after an arrest for an alleged domestic violence incident.

The contrast between the Dodgers' pitching staff and their lineup is stark. Mookie Betts, Freddie Freeman, and J.D. Martinez offer star power in their potent offense. Their best path through this postseason will be traversed behind inexperienced pitchers.

This presents a new and onerous challenge for Roberts, an experienced postseason manager. Playoff success is typically engineered via front line starters and shutdown back-end relievers. Instead, the Dodgers are showing up to the party with two mid-30s pitchers in Kershaw and Lynn, and a pack of first-timers.

"We've been having conversations with these arms and laying out our thoughts on their potential roles," Roberts told the Journal recently. "Once we have the trust and buy-in from these guys, that's the biggest hurdle."

The Dodgers aren't just contemplating the end of their season, though. Kershaw has openly mused about retiring after this season. He has dealt with issues this season, including a seemingly persistent shoulder injury, but was still tapped to set the tone for the Dodgers.

"It's probably a little bit more unconventional this year in how we got here," Kershaw said before the game. "Nonetheless, I'm still getting to start Game 1."

Over the span of 422 regular season starts, Kershaw has posted a career 2.48 ERA. In 32 postseason starts and 194⅓ innings—equivalent to a full season of work—he has a 4.49 ERA. But Saturday's debacle, and the totality of his postseason record, is Kershaw's alone to own. He got one out while facing eight Diamondbacks hitters, allowing six hits, including a home run, and issuing a walk.

Kiptum Breaks Marathon Record

By Laine Higgins

Kenya's Kelvin Kiptum shattered the men's marathon world record on Sunday, winning the Chicago Marathon in two hours and 35 seconds, lowering Eliud Kipchoge's previous mark of 2:01:09 by 34 seconds.

Kiptum, who is 23 years old, established the new standard in just his third marathon, with a remarkable show of speed. He did it with an average pace of 4:36 per mile, and ran nearly a minute faster in the second half of the race than the first 13.1 miles.

In doing so, he became the first person to finish a marathon in under 121 minutes in a sanctioned road race. His performance will now intensify the sport's chase to break the two-hour mark.

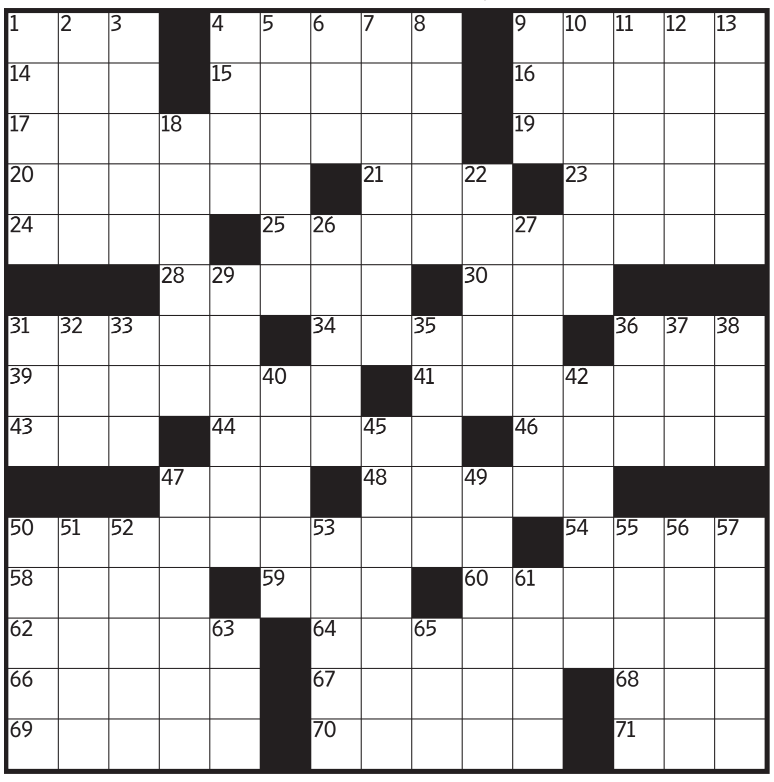
Only one man, Kiptum's idol Kipchoge, can claim to have done that. But that result, a 1:59:40, came at a staged event in Vienna on a circuit course with a pack of pacers, not in a sanctioned race.

In the women's race, Sifan Hassan spent much of the race tracking under the world record, newly set by Ethiopia's Tigist Assefa at the Berlin Marathon on Sept. 24. She fell off Assefa's pace around mile 18, but crossed the finish line first in 2:13:44, the second fastest time ever run by a woman.

KAMIL KRZACZYNSKI/AGENCE FRANCE-PRESSE/GETTY IMAGES

Kiptum's record time was 2:00:35.

The WSJ Daily Crossword | Edited by Mike Shenk



HEADLINERS | By Zachary David Levy

Across

1 Periodical, for short
4 Ballpark figures
9 Ravens quarterback Jackson
14 Rink surface
15 She handles comms on the Enterprise
16 Speak pompously
17 Pitch that's high and inside, in baseball parlance
19 Had a novel job?
20 They may precede new episodes
21 Master's follower
23 Membrane behind the cornea
24 Distinctive smell
25 Words not backed by actions
28 Trample, for example
30 It's between bee and dee
31 Social justice hashtag of 2017
34 Don Draper, e.g.
36 1960s POTUS
39 Annoyingly memorable song
41 Architectural monstrosity
43 Messy quarters
44 Do some lawn repair
46 Spare no expense
47 Goat's cry
48 Heartsick person
50 Official spokesperson
54 Cover for a rain delay
58 Cathedral projection
59 ID for a W-2
60 Participant in an unruly mob
62 "Super!"
64 Complete 180, or a terse description of this puzzle's theme
66 Youngest of Chekhov's "Three Sisters"
67 "Storage Wars" network
68 Sushi chef's supply
69 Diamond figure
70 Doughnut filling
71 Rural lodgings

Down

1 Extremely little
2 Throbbed
3 Company with a lizard mascot
4 Plumbing pit
5 Like so
6 It borders Ger. and It.
7 Took a tumble
8 Goldman's investment partner
9 Fan or burner setting
10 Turn up
11 New Zealand people
12 Top story
13 "Don't You Know?" singer Della
18 Not affording much wiggle room
22 Tooth problem
26 Mosque figures
27 Default on a promise
29 Triumphant shout
31 "Au revoir, ___ amis!"
32 Take in
33 Give it a shot
35 Battlefield doc
36 Graduate's need
37 Work wk. end
38 Beer bash container
40 Gathers from the field
42 In a way
45 Wedding reception feature
47 Largest active volcano in It.
49 Chilean poet Pablo
50 Hopped up
51 Show at La Scala
52 Carrier begun as Allegheny
53 Violinist Stern
55 Maker of Breakout and Centipede
56 Scout's op
57 Fuss in front of a mirror
61 Couple on a gossip page
63 Cereal bit
65 Count start

Previous Puzzle's Solution

S	K	A		R	E	S	E	T		T	R	A	I	N
U	A	E		T	R	A	D	E		O	I	L	O	F
M	Y	S	T	E	R	Y	S	H	O	P	P	E	R	S
P	O	O	H			S	E	E	T	H				
		P	I	N	H	O	L	E	C	A	M	E	R	A
			S	O	Y					T	A	P	E	R
S	M	A		O	P	E	N	E	D		P	E	T	E
H	A	B	A	N	E	R	O	P	E	P	P	E	R	S
R	O	O	M		D	E	S	I	R	E		S	O	O
E	R	R	O	L					E	L	I			
W	I	C	K	E	R	B	A	S	K	E	T	S		
				V	A	L	E	T			O	Y	E	S
M	I	N	I	A	T	U	R	E	P	O	O	D	L	E
E	S	S	E	N		M	O	N	T	H		O	L	E
H	U	A	R	T		E	S	T	A	S		W	E	D

The contest answer is **NOSE**. Change one letter in each theme entry to form a slang term for a body part: CHOPPERS, PIEHOLE, PEEPERS, TICKER and NOODLE. Then find an answer one letter off from the real names of those parts: teeth/**S**EETH, mouth/MO**N**TH, eyes/**O**YES, heart/H**U**ART, brain/**T**RAIN. Those changed letters spell SNOUT, a slang term for the contest answer.

▶ Solve this puzzle online and discuss it at **WSJ.com/Puzzles.**

Simone Biles Is Officially The Most Decorated Gymnast

By Louise Radnofsky

Antwerp, Belgium

As she was crowned world gymnastics all-round champion for a sixth time here, Simone Biles had a clear idea of what she might want to tell her detractors.

She also knew better than to say it out loud.

"I'll keep it to myself," she said. "I'm a *nice young lady*."

Biles didn't need to rub anyone's face in her achievements. Her gymnastics said everything about her comeback. It also officially made the 26-year-old American the most decorated athlete in the history of the sport, a title that had long been assumed to be hers, but actually belonged to a male gymnast of the 1990s named Vitaly Scherbo.

It finally became accurate when Biles secured a 34th medal from world and Olympic competition by winning the all-around title here on Friday night.

Over the weekend she added to her lead, amassing three more medals: gold with a stellar performance on balance beam, and then another gold on the floor exercise all of two hours later, as well as silver on vault, even with a fallout of her landing.

Biles returned to international competition at the world championships here two years after she had come into the Olympics under crushing expectations and left having shattered the norms of her sport by pulling herself out of five events.

She had not been beaten in all-around competition since 2013, she had pushed the difficulty envelope of the sport to an unimaginable degree, and she had earned a transcendent reputation within her sport and outside of it.

None of that had saved her from the problem that she encountered at the 2021 Tokyo Olympics, when she became so disoriented that she could no longer track where she was twisting and turning in the air.

She withdrew herself from competition, watched the U.S. team rush to replace her in the lineup, and then sat to cheer the others as they fought for a silver medal while knowing that what she had done was likely to be scrutinized for the rest of her life.

Biles's decision to try gymnastics again came as a shock to people who had thought she was almost certainly finished after Tokyo. It also brought a lot of questions about how she would respond to the pressure and spotlight of international competition when she returned.

She answered all of those questions by anchoring a shaky U.S. women's squad to a victory in the team final, despite later acknowledging that she was particularly nervous about returning to the event that in Tokyo had been "where everything occurred, so I think I was just a bit traumatized from that."

Then she repeated herself in the individual competition where she showed she was still the best all-around gymnast in the world, and by a comfortable margin.

She finished ahead of Brazil's Rebeca Andrade, who won the world title last year, and American teammate Shilese Jones, who had been Andrade's runner-up.

"It still proves to myself and other people that I can do it," Biles said.

KENZO TRIBOUILLARD/AGENCE FRANCE-PRESSE/GETTY IMAGES

Simone Biles won a gold medal on balance beam at the world gymnastics championships.

OPINION

Estonia's Lessons for Ukraine

INSIDE VIEW
By Andy Kessler

Tallinn, Estonia
"You can't bribe a computer," Estonian Prime Minister Kaja Kallas told me. When it's time to rebuild, Ukrainian President Volodymyr Zelensky should heed these words. Estonia—a member of the European Union and the North Atlantic Treaty Organization—is No. 1 in providing government services digitally, according to the United Nations; first in democratic development among 29 postcommunist countries, according to Freedom House; first in international tax competitiveness, according to the Tax Foundation (the U.S. is 22nd); and sixth in the 2023 Index of Economic Freedom, according to the Heritage Foundation (the U.S. is 25th). It has the most startups per capita in Europe, and its 15-year-olds top the Continent in reading, science and mathematics.

Last week I sat down with Ms. Kallas, 46, in the cabinet room of Stenbock House, seat of Estonia's government, and couldn't help asking, "How did you accomplish all this since regaining independence?" I had been politely warned not to say "since Soviet occupation."

"To attract investments, investors must trust your economy," Ms. Kallas said. "Under the Soviets, we normalized corruption. When we restored our independence and freedom, suddenly it required a whole new mind-set from all people—it was not OK to steal from the state."

"We have become this tech-savvy country"—Skype was created in Estonia —"because we had to do everything from scratch, so we sort of leap-frogged and went directly into e-governance."

"Ninety-nine percent of our government services are digital, and we are more and more using AI." Plus, "98% of people file taxes online because it's all pre-filled. We are probably the only country in the world where people actually compete over how fast they file taxes because it's so simple."

Ms. Kallas noted her government uses these digital tools "to decrease, diminish bureaucracy." That's how to create small government. "It's cheaper and our debt is much lower as well." Though it's rising, Estonia still has the lowest ratio of government debt to gross domestic product in the EU.

Taxes? "We are a very open economy. Our competitive advantage is that we don't have corporate income tax. When you reinvest into your company, your equipment, your people, you're not paying income tax, you're only paying income tax if you take it out as dividends, if it's distributed."

With low corporate taxes, "a lot of EU residents from the U.K. are establishing companies here." A Brexit win. And "the personal income tax is 20%. But we had to raise it now to 22% because of the costs. We have to spend on defense, right?"

I said, "Small government, free trade, low taxes—that's the Reagan playbook." She smiled.

"We don't have a lot of people or natural resources"—some oil shale, plus limestone and lake mud. "What do we have? We have our minds and brains. So we actually have to focus on that, that means an education system." It "focuses on the STEM subjects. All first-graders are taught coding—I guess actually, it's even in kindergartens." Estonian kindergartners use robots from a program called ProgeTiger. "We are a small country, only 1.3 million people, which means that you have to learn all the other languages. And coding is one of the languages you learn."

The former Soviet state has rooted out corruption and bet big on technology.

"We also teach entrepreneurship in schools." In high school they do role-playing, with bankers and loans and investment and government. "Oh, you pay taxes, where does that go?" Ms. Kallas says she is proud that Estonia "is very high on the list of youth entrepreneurship."

Ms. Kallas notes the country has the most unicorns per capita—startups worth over $1 billion. "We have 11 of such companies in different fields. It's really manufacturing, and it's IT services. We help a lot of, for example, African countries to build up their governance, and we have helped Ukraine."

At a recent international conference, Ms. Kallas was in a "green room where all the leaders are. And I had a queue of people wanting to greet me. And you know why? Because Estonia has helped those countries and I didn't even know all of them. And they came to thank me for what we have done. We are such a small country, but we have helped a lot of countries in the world, e-governance, setting up their services." A great export.

Estonia does have issues: "When the war started, our imports from Russia decreased 95%. The export is more complicated, because we have the land border, and there are the exports that are oriented from Estonia and the exports that actually come from other European countries." Add to that high energy prices driving inflation and a modest recession. A small scandal swirls over an investment in Russia by Ms. Kallas's husband. Still, the Reagan playbook is working.

The Biden administration focuses on squishy notions like equity while Estonia is working to increase everyone's equity value. Purchasing power is up 400% since Soviet occupation—sorry, since Estonia regained independence. Free trade, low taxes, small government, e-services, educated workers, low debt and negligent corruption. Ukraine—and the U.S.—can learn a lot from Estonia.

Write to kessler@wsj.com.

How to Solve the Migrant Crisis

AMERICAS
By Mary Anastasia O'Grady

The Biden administration's decision to build 20 more miles of Donald Trump's border wall has both sides of the political aisle howling. Try as he might to deny it, Mr. Biden has surrendered to Trump tactics out of desperation ahead of the 2024 election.

Homeland Security Secretary Alejandro Mayorkas says Texas' Rio Grande Valley is so vulnerable to "unlawful entry" that it presents "an acute and immediate need to construct physical barriers." Mr. Biden told reporters he doesn't think more wall will control the border. But his government will do it anyway.

I am reminded of the observation attributed to Winston Churchill that "Americans will always do the right thing, after having exhausted all the alternatives." The right thing to do about the migration crisis is to return to a U.S.-led pro-growth agenda for the Western Hemisphere. Unfortunately all other alternatives aren't yet exhausted.

Open markets, sound money, light tax and regulatory policies and the rule of law were once standard U.S. advice for the neighbors. Today both Democrats and Republicans are protectionist. That's bad enough. But the priorities of America's far left have become top foreign-policy priorities for the Biden State Department and White House: LGBT initiatives, income equality, labor activism and the end of fossil fuels. Profit is a dirty word.

When the National Security Council's adviser for Latin America, Juan Gonzalez, called the Guatemalan business community a "predatory elite" in 2021, he captured *bidenista* hostility toward capitalism everywhere. U.S. Trade Representative Katherine Tai spends her days harassing Mexican businesses on behalf of the AFL-CIO while refusing to defend American oil, gas and renewable investors suffering discrimination by the Mexican government (which, by the way, is her job).

Because it has abdicated free-market leadership, Washington has had to go on the defensive in a destabilized hemisphere. It doesn't have to be this way if the U.S. would return to a foreign policy that aims at fast growth. The idea may appear quixotic in the Biden-Trump era. But every paradigm shift starts with vision.

Each migrant who turns up at the Mexico-U.S. border has a story about why he or she wants to cross. Because those wishing to enter the U.S. using the asylum process must assert a "credible fear" of returning to their home countries, that's the most popular claim.

The reality suggests something different: Risk-takers are fleeing economic disarray. It's "for a better future," as one young man accompanied by his pregnant wife told a reporter in the dangerous Darién jungle. Even democracies that are growing don't offer opportunities as appealing as the U.S.

Short of digging a moat and pulling up the drawbridge, which would be costly for American economic dynamism, it will be tough to hold back the human tsunami crashing on U.S. shores. Economic freedom and development are the only humane solutions to the poverty driving these huddled masses.

Let's get back to a U.S.-led growth agenda for the region. It has worked before.

It's been done before. In the aftermath of the 1982 Latin debt crisis and the stagnation that lingered, it became obvious that without significant economic liberalization, the region wouldn't grow fast enough to satisfy its expanding populations. In 1990 the George H.W. Bush administration launched the Enterprise for the Americas Initiative, a soft-power approach to promoting wealth creation south of the border.

The 1994 North American Free Trade Agreement was one achievement. Nafta was so successful at boosting continental commerce and raising living standards in northern Mexico that President Trump failed to strangle it 25 years later. He had to settle for burdensome new labor regulations drafted by Democrats in Congress and a new name for the pact. But its substance largely survived.

The Washington Consensus was another product of the 1990s. It was a blueprint for fiscal discipline, privatization, tax reform, deregulation and trade and investment liberalization. Contrary to conventional wisdom, as former World Bank economist William Easterly showed in a 2019 paper, its remedies bore fruit over time and growth was "good after reform in Africa and Latin America, in contrast to the 'lost decades' of the 80s and 90s."

Unfortunately many governments also committed policy errors that undermined the reforms and, inevitably, political support for them. Regaining the momentum for modernization is now the challenge.

Trade is the best U.S. tool to advance development, but nearshoring in Mexico isn't enough. Creating wealth and opportunity throughout the hemisphere requires regional trade integration that allows free-trade partners to add value, duty free, all along the chain of production.

The first step to restoring immigration order is to recognize that neither protectionism nor the antidevelopment ideology of socialism is cost-free. The hardship hitting all sides in the migrant crisis is the high price of getting the economics of development wrong.

Write to O'Grady@wsj.com.

The Biden-Trump 'Double Referendum'

By Matt McDonald

When a president runs for re-election, the campaign plays out in a typical way. The incumbent seeks to define the opponent before the public gets to know the new face, and the challenger seeks to define the election as a referendum on the current administration.

If the contest a year from now pits Joe Biden against Donald Trump—the first such rematch since 1892—we will see a campaign that is effectively a double referendum.

Everyone already has an opinion about both candidates. There is no "defining Donald Trump" for the Biden campaign, and there is no "turn it into a referendum" option for the Trump campaign that doesn't also become a referendum on his own term.

For these reasons, their strategies will likely focus more on turnout than persuasion. Their success stands to be diminished by the potential for external events and destabilizing shocks.

Multiple risks could turn the 2024 race into a roller-coaster. Pocketbook issues are always top of mind for voters, and the continued fight against inflation will dominate the coming year. Much of the savings Americans built up during the pandemic is gone, interest rates are high, credit has tightened, increased capital standards have the potential to tighten it further, and the commercial real-estate sector is still finding its post-pandemic footing.

The first presidential campaign since 1892 with two 'incumbents.'

Whether that means a soft landing or a soft recession, the economic year ahead is a minefield for the Federal Reserve and the administration. This isn't the first time a president finds his economic fate uncomfortably out of his control. President-elect Bill Clinton famously said, "You mean to tell me that the success of the program and my re-election hinges on the Federal Reserve and a bunch of [expletive] bond traders?"

Meantime, realpolitik has made a return to the global stage in ways that could affect 2024. The partial decoupling with China and its economic instability, Russia's war in Ukraine, and the messy withdrawal from Afghanistan put Americans on edge. The geopolitical climate shows no signs of cooling.

There are also personal questions for both candidates that could upend the race in unpredictable ways. For Mr. Trump, the major risk is the litany of indictments and other legal troubles. To date, he has turned these challenges to his advantage by waging a campaign of martyrdom, but his legal risks are significant. Mr. Biden doesn't face the same direct threat, but Hunter Biden's legal issues and business dealings will be a personal and political weight.

For Mr. Biden, the scrutiny will continue to be on his age, health and fitness for the job. Actuarial tables tell us that an 80-year-old man has an expected life expectancy of more than seven years, so he'd likely live through a second term, but voters don't want the math to be that close. Mr. Trump isn't far behind at 77.

All of this adds up to overflowing volatility and uncertainty in a brewing match-up without precedent. So throw out your old playbook and buckle up.

Mr. McDonald is president of Penta Group. He served in senior roles on the presidential campaigns of George W. Bush, John McCain and Mitt Romney.

BOOKSHELF | By Meghan Cox Gurdon

Shut Up, They Said

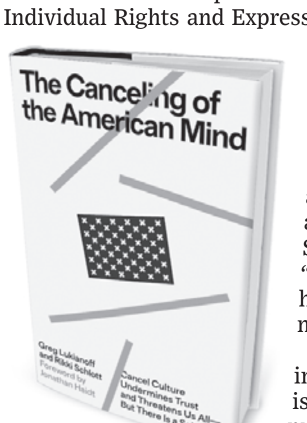
The Canceling of the American Mind

By Greg Lukianoff and Rikki Schlott
(Simon & Schuster, 464 pages, $29.99)

We're in a terrible spot, and everybody knows it. Americans on the right and left detest each other, excoriate each other and, with every flaring of rage, move further from any sense of pluralistic common cause. Citizens have lost confidence in officialdom. Fashionable ideologies that brook no good-faith dissent have surged into every corner of life. Make a minor demurral, even a joke, and you risk being subjected to the ghastly nullification rituals of what is called cancel culture.

It is this predicament, all of it, that Greg Lukianoff and Rikki Schlott address in "The Canceling of the American Mind," a lucid and comprehensive look at where we are and how we got here, and, less persuasively, what we can do to make things better.

The authors do not merely analyze; they are in the fray. Mr. Lukianoff is the president of the Foundation for Individual Rights and Expression, which defends free speech in workplaces and on campus. He is also co-author, with New York University's Jonathan Haidt, of "The Coddling of the American Mind," an important 2018 book about emotional fragility among young adults. Ms. Schlott's college interest in "Coddling" eventually brought her to FIRE; she's also a columnist for the New York Post.



"Cancel culture" is an imperfect term, but its meaning is well understood: incidents of public shaming and professional defenestration, often ginned up by activists high on their own sanctimony. "Cancel Culture has upended lives, ruined careers, undermined companies, hindered the production of knowledge, destroyed trust in institutions, and plunged us into an ever-worsening culture war."

When did it start? The authors say 2014, when cancellations "exploded" in higher education. By 2017, following the outward migration of campus groupthink, canceling moved into art, publishing, comedy, journalism and, more recently, medicine, science and law.

Many of the authors' examples will be familiar to habitués of Twitter—lately renamed X. It is the public square where witches are burned. It is also where witches, on the pyre, frantically recant and promise to "do better." These apologies never save the victims, though they probably add to the enjoyment of their persecutors.

Politically, the authors strive to be evenhanded. They identify cancelers on the right (whose targets include progressive college professors and Republicans who fall afoul of Donald Trump) and fault thinkers such as Harvard law professor Adrian Vermeule for fostering illiberality. Regrettably, they endorse the claim that conservatives are engaged in "book banning," though most of their examples involve the curation of what's on offer in public-school libraries. It is irksome that the authors don't acknowledge that, in truth, no book is banned in the U.S.; you can buy whatever you want to read.

Efforts to address both sides notwithstanding, "The Canceling of the American Mind" leaves little doubt that cancel culture is primarily a tool of the left. Mr. Lukianoff and Ms. Schlott parse the Catch-22 tricks used to put targets in the wrong. They write of a "perfect rhetorical fortress" that allows righteous lefties to dismiss anyone for anything, to attribute to anyone a "phobia" or an "ism," and to claim that the person in question is inflicting injury. What the authors call "thought-terminating cliches," such as "dog whistles" and "punching down," add to the weirdly chant-like hyperbole when cancelers get going. Jennifer Sey, fired from Levi Strauss for objecting to the Covid lockdowns, was smeared as "a racist, a eugenicist, and a QAnon conspirator." James Bennet, dislodged from the New York Times for publishing an op-ed by Sen. Tom Cotton, was said to have made Times readers "vulnerable to harm."

Express opinions at variance with the rigid orthodoxy of the righteous elite and you will be said to be inflicting 'harm.' You will be canceled.

Someday it may be funny—actually it's funny now, in a horrible way—that a Yale lecturer's mild surprise at finding an artisanal coffee shop in rural Ohio could be spun into accusations of "dehumanization" and used to try to get her axed, as happened to Sally Satel when she came back east after a year of field research into the opioid crisis. Or that a teenager's incautious tweets could destroy a woman's career a decade later, as happened to Alexi McCammond when she was offered the top job at Teen Vogue. Or that some black intellectuals are told by progressives that they're "not really black," as John McWhorter has found.

It's all a reminder of the sheer nuttery that has engulfed us since we all got online. Political correctness predated the laptop and the smartphone, as Mr. Lukianoff and Ms. Schlott remind us, but it took social media to bring the mass pile-ons of cancel culture.

In the final third of "The Canceling of the American Mind" the authors offer solutions. They call for the reinvigoration of free-speech culture, something 20th-century Americans will remember. Parents should teach the golden rule and a genuine appreciation for viewpoint diversity. Corporate executives should establish free-speech standards, get human resources on board, and, if a controversy blows up, avoid large meetings that might "devolve into browbeating struggle sessions."

As for the toxicity of elite academia, Mr. Lukianoff and Ms. Schlott concede that "there are more problems than we can address in this book." What the rest of us can do, they say, is to weaken the grip of the Ivy League (hiring applicants from outside it, say) while supporting new institutions. Poignantly, and wisely, the authors extol the spine-straightening value of old American axioms: "to each his own" and "sticks and stones" and "it's a free country."

These are good moves that would put pressure on the tiller. The trouble is that it could take years to change direction. If the authors' prescription for what to do is underwhelming, their description of the scale of the problem is nothing short of galvanizing. We are in a terrible spot, and we need to get out of here.

Mrs. Gurdon, a Journal contributor, is the author of "The Enchanted Hour: The Miraculous Power of Reading Aloud in the Age of Distraction."

OPINION

REVIEW & OUTLOOK

War Returns to the Middle East

The scenes of Israeli civilians gunned down in the streets, children and grandmothers taken hostage, and Palestinians cheering it all are awful to behold. But behold the world must because Saturday's assault from Gaza shows the reality of the global disorder that is expanding by the month. Israel is on the front lines, but all of the democratic world is a target.

Hamas's surprise attack is a reminder of Israel's existential peril.

The scale and initial success of the attack puncture many illusions. One is that Israel is secure in its rough neighborhood. The Jewish state may have technological superiority, but it is still threatened by implacable enemies north, south and east.

As the weekend evolved, it became clear this is no simple "terrorist" attack. It is part of what Hamas and its allies hope is an extended war against Israel on Israeli soil. It is supported by Iran and Hezbollah in Lebanon that could unleash a second front in Israel's north.

The surprise assault was clearly in the planning for months and was timed for the 50th anniversary of the Yom Kippur War in 1973. That it took Israeli troops hours to reach some of the towns overrun by armed Palestinian militants suggests that even Israelis underestimated the threat. There will be a reckoning about the intelligence failure once the crisis is past.

Another myth busted is that Palestinians will live in peace with Israel if they get a state of their own. Not as long as Hamas and Islamic Jihad can terrorize and dominate Palestinians. Israel ceded Gaza to the Palestinians in 2005, but Hamas took over in 2007 and assassinates anyone in the territory who challenges its goal of expelling the Jews from all of Israel.

And please no more condemnation of Israel's "blockade" or "occupation." Israel has been allowing 17,000 Gazans to work in Israel each day and would like to allow more. Western critics of Israel don't live in range of Hamas or Hezbollah rockets supplied by Iran. They don't have to fear that their grandparents may be dragged from their homes and imprisoned in a Hamas basement to be traded if they aren't murdered. No Israeli government can afford to cede control of more territory that could become a launching point for Hamas attacks.

Israel faces some difficult choices in the days ahead. A return to the status quo before Saturday's assault would seem to be intolerable. Hamas would be able to rearm, rebuild its tunnels, and wait to attack again.

But an Israeli invasion of Gaza and reinstatement of Israeli control would be costly in lives and risk that Hezbollah would open a second front in Lebanon. Iran-backed Hezbollah has stockpiled tens of thousands of missiles. A new buffer zone of several miles between Gaza and Israel is another mooted option.

The response is Israel's to make, and it deserves the West's support. "My administration's support for Israel's security is rock solid and unwavering," President Biden said on Saturday, and we're glad to hear it.

But the temptation at the White House will be to give Israel a week or so to respond with a free hand, and then lean on the Netanyahu government to stand down. That is always the U.S. pattern, but it shouldn't be this time. If a wider war breaks out, the U.S. will have to provide Israel with the arms and diplomatic support necessary to destroy Hamas and the military capacity of Hezbollah.

The assault also underscores the continuing malevolence of Iran. The government in Tehran cheered on the attacks, and it has provided the rockets and weapons for Hamas. It may have encouraged the timing as well, hoping the war will block any near-term chance of a rapprochement between Israel and Saudi Arabia. The Biden Administration's failure to enforce oil sanctions against Iran, as well as its payment of $6 billion for U.S. hostages, looks even more misguided after this bloody weekend.

The attacks on Israel, horrible as they are, at least provide some moral clarity about the stakes in the Middle East. One side seeks the destruction of Israel and the Jews. The other arms itself to protect its citizens and state from that destruction. The internal Israeli debates over its Supreme Court look trivial next to the threat to Israel's existence.

* * *

The assault on America's closest Middle East ally is also a warning about how dangerous the world is becoming. As U.S. power and will recede, bad actors feel empowered to fill the vacuum. American isolationists on the right and left may wish to look away, but the U.S. can't dodge the consequences.

Refugees from socialist failure in the Americas are flooding over the U.S. border, and sooner or later the U.S. will become a military target. The consequences of post-Cold War complacency are coming fast and furious.

The 'Ceasefire' in Gaza Mirage

Right on schedule, the Democratic Party's anti-Israel faction is responding to Hamas's assault with calls for a "ceasefire" and an end to the violence. This is a mirage that will protect Hamas and guarantee more violence.

Calls for both sides to end the violence now are a license for Hamas.

Reps. Ilhan Omar and Alexandria Ocasio-Cortez condemned the assault on Israel. But they followed that up with calls for both sides to end the violence even as Hamas militia were gunning down Israeli women and children in their homes.

"An immediate ceasefire and de-escalation is urgently needed to save lives," said Ms. Ocasio-Cortez. Ms. Omar chimed in that "we need to call for deescalation and ceasefire." These are the first of what are likely to be many such calls from the Democratic left as Israel responds with force to the war Hamas started.

A ceasefire now would reward those who started the war that by this writing had killed 700 in Israel. These include many foreign nationals and probably some Americans. Is Israel supposed to tolerate this deliberate murder and not retaliate against those who planned and executed it?

Israel has a right to self-defense, and that means eradicating the threat from Hamas, and from Hezbollah in Lebanon if it comes to that. The failure to do so will mean more violence in the future as the Islamists who are backed by Iran conclude the Jewish state has lost its willingness to fight. Israel also has a right to rescue its citizens who have been taken as hostages to Gaza, even at the risk of more casualties.

Hamas fighters hide behind Palestinian civilians so they can play to Western sympathy, but that is another reason for eliminating Hamas and Islamic Jihad as threats. They terrorize Palestinians as well. The time for a ceasefire is when Israel has defeated its enemies.

Texas at the School-Choice Crossroads

Texas has no school-choice program for its more than five million K-12 students, and Greg Abbott is prepared to spend political capital to change that. The Republican Governor has called the state Legislature into a 30-day special session starting Monday, and education savings accounts are a priority.

Gov. Greg Abbott is putting his political capital behind ESAs.

"I am hopeful that we will be able to put together a package that will allow ESAs to get passed in the first special session," he said on a recent visit to the Journal. If it doesn't, "I can call another one right after it, which is what my game plan is to do. I can play this game longer than they can play this game."

By "they" he means Members of the Texas House, chiefly Republicans representing rural districts, who stonewalled efforts to pass ESAs this spring. The state Senate passed a bill to provide ESAs worth $8,000 each to most students, but the House never voted on it.

ESAs still lack enough Republican votes in the 150-Member House. Their contradictory case against ESAs is that rural students won't benefit from school choice because they have no options beyond district schools. But they also claim that rural district schools will be devastated if students use ESAs and leave for alternative schools that don't currently exist. If ESAs inspire new school options in the future, then rural students would benefit like those in cities and suburbs.

It's not as if Texas public schools lack for state funds. Some $5 billion is on the line in funding for district schools if the Legislature passes the ESAs, and a chunk of that is for teacher pay raises.

Lawmakers have options to attract votes in the special session, such as passing a bill with universal eligibility that starts with a limited dollar amount in the first year. Rep. Jacey Jetton announced a bill that would provide universal ESAs but put low-income and special-needs students first in line.

Should House Members continue to balk, Gov. Abbott has another point of leverage: Primary elections next spring. Iowa Gov. Kim Reynolds set an example in 2022 by endorsing primary challengers to legislators who opposed school choice, and she defeated several. Iowa passed universal ESAs this year, and Gov. Abbott has suggested he might do the same.

"If we don't win [in a special session] then I think it's time to send this to the voters themselves to vote in the primaries," the Governor told the Texas Public Policy Foundation, KENS5 reported. "We will have everything teed up in a way where we will be giving voters in a primary a choice. They can choose someone who supports school choice or they can support someone who is against school choice."

A 2022 GOP primary ballot question found 88% of voters support parents' "right to select schools, whether public or private, for their children, and the funding should follow the student." A University of Texas at Austin poll in August found that 52% of Texas registered voters support school vouchers, ESAs, or another school choice program, including 61% who live in rural areas.

Credit to Gov. Abbott for fighting for parents and children, and making legislators show where they really stand.

LETTERS TO THE EDITOR

Scientific Censorship and the Road to Serfdom

Thanks are due to Allysia Finley for alerting the public to the censorship of counternarrative science ("How 'Preapproved Narratives' Corrupt Science," Life Science, Oct. 2). An account of censorship perpetrated by Social Science Research Network and medRxiv is provided in a new article in Econ Journal Watch by Jay Bhattacharya and Steve Hanke.

In one chapter of "The Road to Serfdom" (1944), Friedrich Hayek writes of the urge toward censorship in antiliberal regimes. "Public criticism or even expressions of doubt must be suppressed," he writes. Propaganda from the government is not sufficient: "The plan itself in every detail . . . must become sacrosanct and exempt from criticism."

Consider the following sentence of Hayek's in light of the Covid experience, along with the asides I insert: "The basis of unfavorable comparison [the savaging of Sweden's minimal lockdown policy], the knowledge of possible alternatives to the course actually taken [e.g., focused protection], information which might suggest failure on the part of the government [the lockdown study by Prof. Hanke and co-authors, information about vaccine safety and efficacy, etc.]—all will be suppressed."

Down the road to serfdom, in the sciences themselves, Hayek says, the "search for truth cannot be allowed" and "vindication of the official views becomes the sole object." In scholarly disciplines, he continues, "the pretense that they search for truth is abandoned and . . . the authorities decide what doctrines ought to be taught and published."

Hayek sounded the alarm because he saw how things unfolded on the European continent. The further we go down the antiliberal road, the more fragile and vulnerable are official narratives to criticism. As a result, Hayek says, "intolerance . . . is openly extolled" by the mind-guards and minions of official narratives.

Hayek's point was not what Yogi Berra had in mind when he said, "If you don't know where you're going, you'll end up someplace else." But the point fits.

PROF. DANIEL KLEIN
George Mason University, Mercatus
Chief editor, Econ Journal Watch
Fairfax, Va.

Hunter Biden and the Statute of Limitations

Eileen O'Connor's op-ed "Hunter Biden May Face a Big Tax Bill" (Sept. 28) is the first I have seen that accurately reports what the rules are and how long the statutes of limitations last. As a retired C.P.A., I have been perplexed as to why news reports have all stated that the six-year statute of limitations expired for offenses in 2014. Section 6501(c) of the Tax Code states that in the case of a fraudulent or false return with the intent to evade tax, the statute of limitations doesn't start to run. If the allegations concerning Hunter Biden and other Biden family members are proved to be true, taxes and penalties are due for all years in question.

STEPHEN RENDALL
Melville, N.Y.

Ms. O'Connor seems to think that Hunter Biden is looking at a large tax bill, but her analysis essentially ignores the Biden position. The Biden team claims to have fully paid all back taxes, interest and civil penalties due and owing.

Payment of back taxes are admittedly delinquent, but payment has been made and arguably no further payment of income taxes will be necessary. That is because paying up left the government with no damages to claim in closing arguments, and no harm to point too at sentencing.

That leaves the sole issue of willfulness to sell to the jury in a criminal case. But the Justice Department's criminal tax section declined a mountain of prosecution recommendations during Ms. O'Connor's tenure when it came to taxpayers who were addicted to drugs. No amount of willfulness could overcome the lack of *mens rea* (guilty mind) possessed by a drug addict to willfully commit tax fraud.

So, Ms. O'Connor, where is the beef? Has this Justice Department policy—of declining prosecution when the accused taxpayer had documented drug addiction or alcoholism issues—changed? All taxes have been paid here, and you have struck out.

MARTIN SHEIL
Aurora, Ill.
Mr. Sheil was a supervisory special agent at the IRS.

Will the Republican Party Divide in Two?

Former Sen. John Danforth's call for a schism in the Republican Party, splitting into two separate entities, one conservative and one populist ("The GOP Can't Afford to Indulge Populism," op-ed, Sept. 26), is the last thing this country needs. Meanwhile, the big-tent strategy of the Democrats melds together many and diverse special-interest groups seeking advantage at the expense of the nation's best interests.

Conservatives and populists may appeal to two diverse groups of voters, but they share a common ideology of upholding the legal and cultural traditions that have allowed the West to enjoy the abundance of freedom and prosperity that both those groups value. Any formal split between Republican conservatives and populists would, at best, leave the Democrats free to transform the U.S. into a one-party nation.

JOHN AMBROSE
Wayne, N.J.

If Donald Trump is the GOP's presidential nominee again, the party is no longer mine. It will have left me, and I will become an independent for the first time in my 50 years of voting. I will never register or vote Democratic. With few exceptions, that party has been wrong my entire life—from Vietnam to "defund the police." Please run a serious third choice for the millions of us who will not support either former President Trump or President Biden.

JOHN BUSH
Kansas City, Mo.

Trump Could Have Averted The House GOP Madness

There is one person who could have spoken out and stopped the ousting of House Speaker Kevin McCarthy, avoided the chaos, exercised statesmanship and shown his concern for the GOP: Donald Trump ("Republicans Cut Off Their Own Heads," Review & Outlook, Oct. 4). Those who caused the speaker's downfall claim to be supporters of the ex-president and would have felt constrained to listen to him. Unfortunately, avoiding chaos, exercising statesmanship and concern for the Republican Party seem not to be within the vocabulary of Mr. Trump, who said and did nothing.

BOB SACHS
Scottsdale, Ariz.

Capitalism Contra Monopoly

Can I really thank the federal government for saving me from Microsoft 25 years ago? That thank-you note should go to Steve Jobs and his team at Apple. Now, who will I thank for saving me from Amazon? ("Khan's Weak Case Against Amazon," Review & Outlook, Sept. 28). My thanks go to people like Netflix's Reid Hoffman and Walmart's Doug McMillon. Their work in the past decade restrained Amazon's online market power more than any government agency did.

PROF. BLAINE MCCORMICK
Baylor University School of Business
Waco, Texas

Divorced, Beheaded, Died . . .

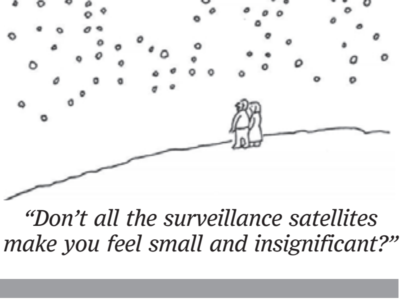
In a letter disputing the comparison of the next House speaker to the wives of King Henry VIII (Oct. 4), Curt Covey states that two of Henry's wives were "amicably divorced." Not so! Henry's first wife, Catherine of Aragon, fought the divorce vigorously. After Henry eventually got his way, she was moved to a royal house in the countryside against her will. She never recognized the divorce, and signed her letters "Queen Catherine" for the rest of her life.

MIKE BLAGG
Brownwood, Texas

Letters intended for publication should be emailed to wsj.ltrs@wsj.com. Please include your city, state and telephone number. All letters are subject to editing, and unpublished letters cannot be acknowledged.

Pepper ... And Salt

THE WALL STREET JOURNAL



"Don't all the surveillance satellites make you feel small and insignificant?"

Israel Needs To Destroy Hamas

By Daniel Pipes

Hamas's surprise attack is a humanitarian horror. It is also a strategic opportunity for Israel, the U.S. and democracies everywhere.

Hamas is an offshoot of the Muslim Brotherhood, which author Cynthia Farahat describes as "the world's incubator of modern Islamic terrorism." From Hamas's origins in 1987, it has engaged in violence against Israelis, Palestinians and whoever else might cross its path. A sequence of Israeli missteps led in 2007 to its taking power in the Gaza Strip, an area the size of Omaha, Neb., with a population of two million. It imposed a totalitarian rule on Gaza similar to that of the mullahs in Iran, attempting to implement medieval strictures, oppressing its own population, and threatening to destroy Israel.

The terror group's rule is too high a price to pay to avoid engagement in Gaza.

There are many indications that Gazans hate Hamas. "There is boiling anger in the streets against the Hamas movement," Tholfekar Swairjo, a Gazan political analyst, told NPR in 2022. "They are blamed for the very low quality of life in Gaza." A 32-year-old woman said that "most Gazans have stopped believing in Hamas and the others. You know why? Because they don't feed us, they don't provide anything. You have to depend on yourself. How can we build a future with these guys?"

Polling finds overwhelming support among Palestinians, especially in Gaza, for the statement that "Palestinians should push harder to replace their own political leaders with more effective and less corrupt ones." Gazans also reject Hamas by emigrating in droves. An estimated 250,000 to 350,000 young adults have left the strip since Hamas took over in 2007.

In short, most Gazans loathe Hamas, but they dare not rise up against their power-hungry oppressors, who enjoy support from Iran. What about Israel? It has the motive and the means to end Hamas rule, but its security establishment has preferred that Hamas, for all its horrors and threats, stay in power rather than have the Israel Defense Forces move back into Gaza (from which they withdrew in 2005) and run the territory again. For one sign of Israel's acquiescence to Hamas rule, note that it permits and even encourages the government of Qatar to send Hamas $30 million a month.

As a result, nothing changes. Perhaps the moment has come for American leadership. In 2003, President George W. Bush said that "the free world, those who love freedom and peace, must deal harshly with Hamas" and that "Hamas must be dismantled." President Barack Obama said in 2014: "I have no sympathy for Hamas. I have great sympathy for ordinary people who are struggling within Gaza."

Joe Biden should join their ranks. In a statement Saturday, he said he "unequivocally condemns this appalling assault"—a good start. The next step is to urge Israel to remove Hamas. Perhaps this, along with the size and barbarism of the latest assault, will change the Israeli security establishment's reluctant acceptance of Hamas and persuade it to rid the world of this scourge.

Once Gaza has been secured, Israel would find a great number of its inhabitants ready to start over and build productive lives rather than focus endlessly and hopelessly on the destruction of Israel. Gaza could aspire to become the "Singapore of the Middle East" of which optimists dreamed decades ago. None of this can happen as long as Iran's medieval-minded agents run the enclave.

The Hamas charter of 1988 calls for Islam to "obliterate" Israel. After this vicious assault, the time has come for Israel to obliterate Hamas.

Mr. Pipes is president of the Middle East Forum.

The Iran-Gaza War

By Eugene Kontorovich

Jerusalem

As Jews celebrated a festive holiday on Saturday, the Iranian-backed Palestinian militia Hamas invaded Israel from Gaza. Spreading out through Israeli towns, the terrorists went house to house gunning down innocent civilians, including hundreds of young revelers at an outdoor "peace" rave. They abducted scores of civilians—the precise count is as yet unknown—including women and children, as hostages; and chilling videos have surfaced of them desecrating bodies and parading captives through the streets of Gaza, as large crowds yell "God is great."

HATEM ALI/ASSOCIATED PRESS

Palestinian raiders take an Israeli hostage to the Gaza Strip.

It is a rampage of unspeakable cruelty, the worst massacre of Jews since the Holocaust. It is also a security catastrophe of unprecedented proportions for Israel's military and political class. Much time will be spent figuring out the causes and responsibility. For now, some broader observations:

First, call it the Iran-Gaza War. To be sure, Hamas bears responsibility, and any serious Israeli response will involve its total, unconditional defeat. But Hamas is an ally and instrument of Iran. An operation of such scale and complexity is unlike anything Hamas has previously attempted and strongly suggests significant Iranian involvement. Hamas has publicly thanked Iran for its support, and Iran's supreme leader applauded the invasion.

In the north, Israel faces Hezbollah, an Iranian proxy that has de facto control over much of Lebanon, with a vast arsenal of missiles aimed at Israeli cities. Iran is reportedly close to nuclear breakout. This is the war with Israel that it wants—on Israeli soil, through once-removed marauding militias. Tehran terrorizes much of the Middle East in this manner.

Any serious response must go through Tehran. If the U.S. and the international community are truly outraged by the scenes of senior citizens gunned down on the street and women and children abducted, they must not only not refrain from limiting Israel's operation in Gaza but resolve to oust the genocidal regime in Tehran. President Biden's policy has been exactly the opposite. His administration has sought rapprochement with and even allegedly been manipulated by an Iranian influence operation. He has eased sanctions and in recent weeks gave the mullahs $6 billion for the release of American hostages.

This is the conflict Tehran wants—on Israeli soil, through once-removed marauding militias.

Another lesson involves the high cost of Israeli territorial concessions. Until 2005, there were many Jewish communities in Gaza, known as the Gush Katif settlements. Palestinians routinely attacked and attempted to infiltrate them. Israel's critics claimed the presence of these communities caused conflict. Some Israelis wondered why significant resources should go to protecting these small towns. In 2005, Israel's army completely withdrew from Gaza and uprooted every Jewish community, even taking the bodies from the cemeteries. Now the whole country faces the danger those communities face, but 100 times worse. The myth that the presence of Jewish communities beyond the 1949 armistice line is the root cause of the conflict has now been firmly disproved. Israel left Gaza voluntarily. Now Gaza comes to Israel, and it is literally dragging Jewish women back there.

Now imagine if those who perpetrated yesterday's attacks also had control of Judea and Samaria (the West Bank), a vastly larger territory with a much longer, irregularly shaped frontier a few miles from Israel's main population centers. The consequences would be orders of magnitude worse.

Yet for decades, even as Hamas used the opportunity created by Israel's withdrawal from Gaza to launch countless attacks against it, the dominant paradigm of Middle East diplomacy has remained the "two-state solution," which in practice means Israel making greater and more strategically critical territorial withdrawals. Today's events are a foretaste of what the "two-state solution" would mean.

Palestinian Kremlinology seeks to distinguish the Ramallah-based Fatah faction from its rival Hamas. But once one concedes the notion of a Palestinian state, one can't decide who runs it forever. Fatah also ruled Gaza when Israel left, until Hamas took power. Hamas could likely prevail in West Bank elections if Palestinian Authority President Mahmoud Abbas ever held them. Mr. Abbas, who was elected to a four-year term in 2005, responded to Saturday's pogrom by asserting Palestinians' right to "self-defense."

Many in the West don't take seriously Iran's or the Palestinian factions' aspirations to wipe out Israel. Such motives are foreign to them. They see Israel as strong enough to guarantee its security through technology and hard borders—which Saturday's events show can't be relied on for the essential security of the people. The Islamists understand that they can't win through conventional military means. That is why they pose as victims so that Western governments pressure Israel into territorial concessions, which they use as a base to make Israel unlivable.

The gruesome scenes of bloodied Jewish women carted off to Gaza are reminiscent of the recent ISIS reign of terror. Islamists have driven Yazidis, Christians and other minorities from much of the Middle East. It can happen here.

Finally, there is the question of what can be done with Hamas in Gaza. False doctrines of international law have given the terror group an insurance policy: No matter what atrocities they commit against Israel, they will come out of any conflict with no less territory than before. They may lose men, but they gain gruesome honor. Hamas's war aim isn't to minimize its own casualties but to drive out the Jews. To defeat and discredit its leadership, the Palestinians must pay a permanent territorial price. Israel is fighting the clearest possible war of self-defense. Its 1967 capture of the Golan Heights buffer zone was legitimate and humiliated the regime of Hafez al-Assad. Israel has every right to annex buffer zones in Gaza permanently.

Mr. Kontorovich is the head of the international law department at the Kohelet Policy Forum, a Jerusalem think-tank, and a professor at George Mason University Scalia Law School.

The UAW Has the Wrong Target for 'Corporate Greed'

LIFE SCIENCE
By Allysia Finley

United Auto Workers President Shawn Fain says his union's strike is about the working class fighting "corporate greed" and elites. President Biden seems to agree. Yet this facile narrative is betrayed by the UAW's fast-growing membership at elite public and nonprofit universities where academic workers are bargaining for "living wages."

California's public universities now employ about 58,000 UAW members—more than any of Detroit's Big Three auto makers. In 2021 the union boasted about 100,000 academic members nationwide. It may soon have more members on college campuses than in car manufacturing.

While the UAW has struggled to organize employees of foreign auto makers and Tesla, it is recruiting new members in graduate-student employees, who earn far less than those in the auto industry. Greedy universities exploit graduate students for cheap labor, leaving many unable to find gainful employment after finishing their degrees.

On Sept. 21, more than 3,000 Northeastern University grad students voted to join the UAW. Five days later, graduate and postdoctoral students at the California Institute of Technology announced they had collected enough UAW authorization cards to unionize. On Sept. 29, the union won an election to represent more than 1,000 graduate student workers at the University of Maine.

Graduate student workers at Harvard, New York University and Columbia have also joined the UAW. This growing academic proletariat is demanding higher pay for teaching undergraduates, grading coursework and conducting research for tenured professors who earn multiples more and work less.

A six-week strike last fall by UC graduate workers ended shortly before Christmas when the university agreed to increase pay and benefits. Under the new labor deal, teaching assistants at the University of California, Berkeley earn $31,275 for two semesters of work, up from $23,246. Graduate-student researchers make $32,495 annually, a $10,490 increase.

Auto workers are paid considerably more. About 80% of Ford UAW-represented hourly employees earn at least $32 an hour—or $66,787 annually—not counting overtime and benefits. Ford has offered to increase wages 20% over four years and provide annual cost-of-living adjustments, which could lift average pay to more than $80,000 a year.

General Motors says that about 85% of its UAW employees would earn a base wage of roughly $82,000 a year under its proposal and more than $150,000 with overtime and benefits. Unlike their academic counterparts, most UAW auto workers don't owe tens of thousands of dollars in student debt.

The UAW complains that temporary workers at Detroit auto makers earn "poverty wages"—typically around $16 to $20 an hour—but that's about as much as teaching assistants earn. But living costs in university cities like Berkeley, Calif., and Boston are higher than in such auto-factory towns as Flint, Mich.

While workers at foreign auto makers earn less than those at the Big Three—about $25 an hour on average—they too make more than academic employees.

Universities might argue that graduate students will eventually earn more after they've completed their advanced degrees. This may be true for those in the hard sciences who go on to work in industry, but it isn't for students in humanities ($53,000) or social sciences ($64,000) who get jobs in academia.

The union's auto workers do far better financially than the academic proletariat it represents.

A surfeit of doctorates has depressed their pay. Most cobble together adjunct positions at different colleges that don't provide benefits or job protection. Non-tenure-track jobs account for more than 70% of college teaching positions. By contrast, temporary workers make up about only 3% to 12% of Detroit auto makers' workforces.

The mismatch between the supply of Ph.D.s and demand for their labor is partially because research universities rely on graduate-student employees to teach classes. As the American Association of University Professors explains, grad students "operate as a source of cheap labor for the academy, teaching section after section of introductory or developmental courses."

But when they finish their doctoral degrees, they can't find remunerative employment in academia. They could go to work in private industry, where jobs are more plentiful and pay more, but many don't want to. It's hard to feel too sorry for them, though it's also hard to pity auto workers on the picket lines.

If auto workers are being exploited, it's by union leaders whose costly demands could result in their jobs being destroyed or moved to southern states or Mexico. If that happens, the UAW will be fine as its academic-worker membership continues to grow. The union might even consider renaming itself the United Academic Workers.

Unlike auto makers, colleges face little risk of financial failure, since they can always raise tuition to reel in more money from federal student loans, which the government will later forgive on the backs of the working class. Both parties seem uninterested in tackling rising prices in higher education and the administrative bloat that's driving them.

If Mr. Fain wants to fight economic injustice, he might try picketing the politicians in Washington.

Israel Faces Its 9/11

By Gil Troy

Jerusalem

It's hard to avoid the thought that Saturday was Israel's 9/11. Death, destruction and mayhem rained down on the Jewish state. But so did a moral clarity and resolve that characterizes democracies under attack—and that terrorists always underestimate.

The 9/11 analogy goes deeper than the sheer evil terrorists perpetrated and the delight their enablers took in the massive loss of life. America on Sept. 10, 2001, was complacent. The 9/11 Commission reported that Bill Clinton had passed over opportunities to kill Osama bin Laden. It turned out that hours before the attack, Mr. Clinton said of Bin Laden that "I nearly got him" but he feared the collateral damage. Israel has been too divided over domestic politics, ignoring that the true dangers lurked outside the country.

Both Sept. 11 and Oct. 7 demonstrate the perils of being sentimental about your enemies. Since 2005, when Israel withdrew from all of Gaza for the sake of peace, it has repeatedly struggled with Mr. Clinton's dilemma: What do you do when your enemy hides behind civilians? A functional nation is most responsible for protecting its own citizens, especially when threatened by adversaries who respect no rules of war or simple decency. Israel needs to fight this latest battle with a clarity that its many previous conflicts with Gaza lacked.

And Israel needs to do what it takes to protect its citizens. As President Biden tweeted on Saturday: "Israel has a right to defend itself—full stop." Hamas doesn't care about Israeli life—or Palestinian life for that matter. Palestinian culture, however, worships land. This round of fighting mustn't end until Israel has created an extended buffer zone protecting every Israeli, even if it requires bulldozing houses and evacuating Gazans.

On Saturday morning, my family and I awoke to sirens in Jerusalem at 8:20 a.m.—two hours after Hamas terrorists started swarming Israel's border less than 50 miles from our home. Despite three sirens over the next 40 minutes, we kept to our routine, and I went to pray with friends in our regular outdoor minyan, an informal prayer group we started during Covid. We celebrated this special Sabbath, which coincided with Simchat Torah, the Jewish holiday rejoicing in the teaching and values of the five Books of Moses. We ended by spontaneously singing "Ani Ma'amin," the Holocaust martyr's ballad of eternal faith, and "Hatikvah," Israel's national anthem.

Amid the chaos—and seven more sirens—I stood outside the front yard where we pray. Guarding 40 of your friends, unarmed, with terrorists all over your country rampaging, simplifies things in a profound way. When you know what you are willing to die for, you also know what you are willing to live for. That sense of purpose is why Israel will prevail. It makes clear what seems from afar the great anomaly of Israel, which every Israeli understands up close. Israel may have brutal enemies and continuing political challenges. But Israelis rank as among the world's happiest people, because they share a sense of common destiny, a sense of community, and a sense of purpose that gives their lives meaning amid the danger.

Mr. Troy is a distinguished scholar of North American history at McGill University and editor of "Theodor Herzl: Zionist Writings."

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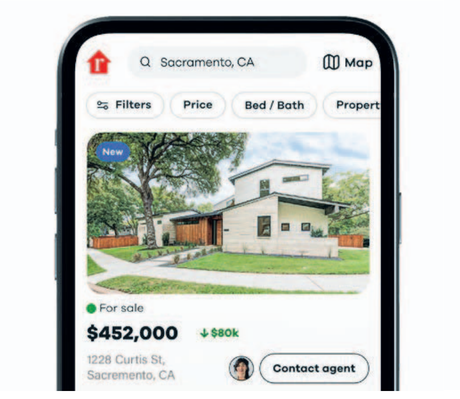

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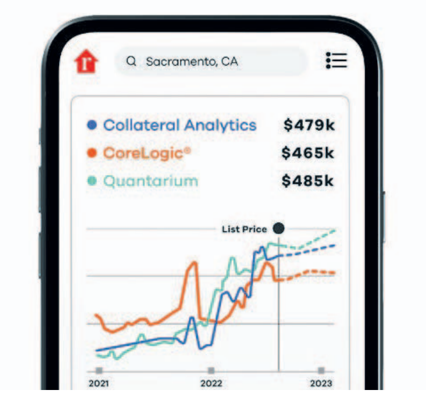

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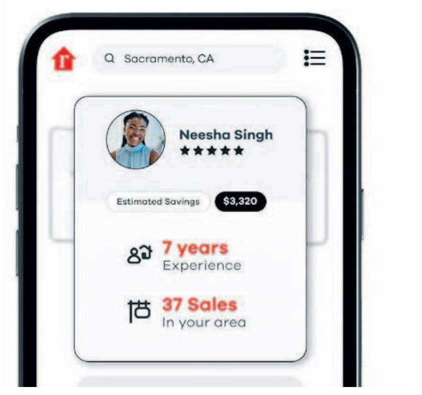

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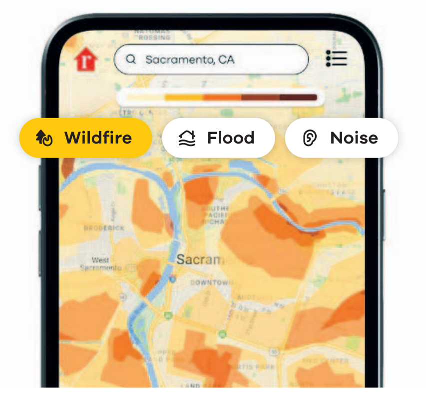

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Funds Increase Corporate Lending

High interest rates are shaking up how business loans are getting done now

By Matt Wirz

Hyland Software, a business-software company based in Ohio, relied on **Credit Suisse** for years to arrange billions of dollars in loans. After the Swiss bank collapsed in March, Hyland switched tracks and borrowed $3.4 billion from a little-known investment firm, **Golub Capital**, and others that specialize in a Wall Street craze known as "private credit."

High interest rates are shaking up how corporate loans get done. Soaring rates brought down banks such as Credit Suisse and Silicon Valley Bank and forced others to reduce lending. As those lenders stepped back, private-credit fund managers stepped up, financing one jumbo loan for American corporations after another.

This shift is accelerating a trend more than a decade in the making. Hedge funds, private-equity funds and other alternative-investment firms have been siphoning away money and talent from banks since a regulatory crackdown after the 2008-09 financial crisis. Lately, many on Wall Street say the balance of power—and risk—has hit a tipping point.

"There's been a steady progression, but since Covid and the banking crisis this year we've really seen the banks rein in risk," said David Snyderman, head of alternative credit and fixed income at Magnetar Capital.

Magnetar, a hedge fund once known for bets against subprime mortgages, recently arranged a $2.3 billion loan for **CoreWeave**, a red-hot cloud-computing operator for artificial intelligence. It was Magnetar's biggest private loan yet.

The loans are expensive, but for many companies they are the only option. Next, private-credit firms are coming for the rest of the credit market, bankrolling asset-backed debt for real estate, consumer loans and infrastructure projects.

Private-equity firms use revenue from most of the loans to make leveraged buyouts, saddling the companies they acquire with expensive debt. Ultimately, more companies could end up under their control.

Regulators, concerned that so much money is going behind closed doors, are rushing to catch up with new rules for private fund managers and their dealings with the insurance industry.

The firms have money to spend from clients such as pensions, insurers and, increasingly, individuals. Those investors piled in because returns were high compared with other debt investments in a low-yield world. Private lenders delivered average returns of 9% over the past decade on loans made mostly to midsize businesses, according to data provider Cliffwater.

Revenue from new corporate loans has shrunk for banks and credit-ratings firms. Their stocks lagged behind those of private-credit managers over the past three years. Last month, **Blackstone** became the first alternative fund manager included in the S&P 500, boosted significantly by its credit business.

Some analysts are concerned about private credit taking over the loan market.

The shift "has concentrated a larger segment of economic activity into the hands of a fairly small number of large,

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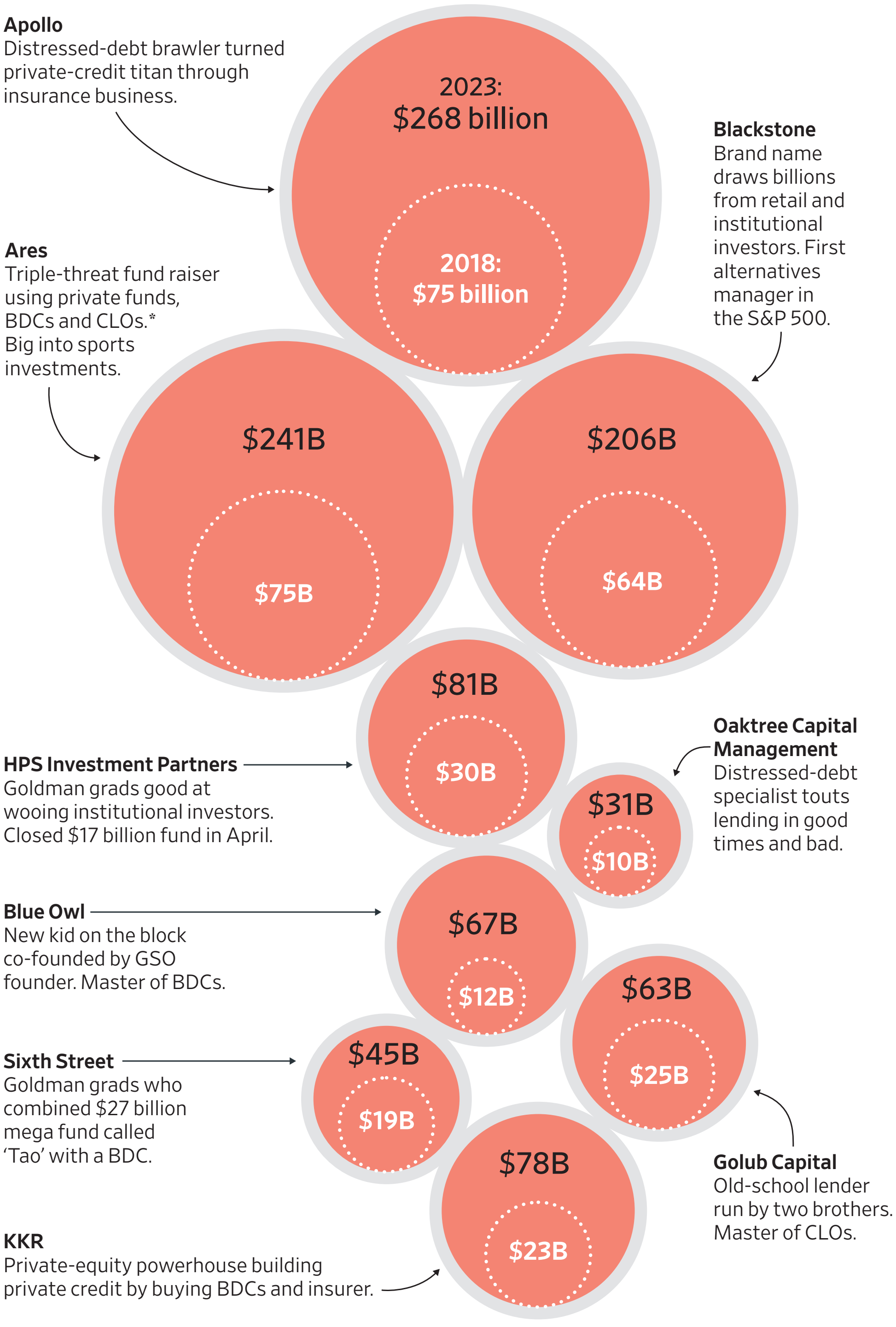
Private-credit assets under management in 2023 vs. 2018, select firms



*BDCs are business development companies. CLOs are collateralized loan obligations.

Source: the companies

Bristol to Buy Mirati, Valuing It At Up to $5.8 Billion

By Stuart Condie

Bristol Myers Squibb will acquire **Mirati Therapeutics** in a transaction that values the oncology developer at up to $5.8 billion, the latest example of a drugmaker targeting deals to replenish revenue as top-selling products face competition from generics.

The biopharmaceutical company on Sunday said that it had entered into a definitive merger agreement with Mirati under which it would pay $58 a share in cash.

Mirati stockholders also will receive one nontradeable contingent value right per share, potentially worth $12 a share in cash.

Mirati's board unanimously approved the transaction. Mirati shares last traded at $60.20.

Pharmaceutical companies, including Bristol Myers Squibb, have turned aggressive deal makers over the past year as they seek to offset the loss of exclusivity on top-selling drugs.

Last year, Bristol Myers Squibb acquired Turning Point Therapeutics for $4.1 billion in cash.

The deal gave Bristol a cancer drug that showed positive results in its late-stage study and was close to being submitted for approval.

The acquisition of Mirati will add the Krazati lung cancer medicine to Bristol Myers Squibb's commercial portfolio. The acquisition also includes access to clinical assets that Bristol Myers Squibb said would complement its oncology pipeline.

"Mirati is another important step forward in our efforts to grow our diversified oncology portfolio and further strengthen Bristol Myers Squibb's pipeline for the latter half of the decade and beyond," said Chris Boerner, Bristol Myers Squibb's chief executive officer-elect.

Bristol Myers Squibb expects the transaction to close by the first half of 2024. It expects to finance the acquisition with a combination of cash and debt.

How FTX Executives Secretly Spent $8 Billion

By Alexander Saeedy And Danny Dougherty

The crypto exchange FTX went bust last year after executives spent billions in customer funds they had promised to safeguard.

The tab was $7.7 billion, a Wall Street Journal analysis of company disclosures and legal filings shows. FTX founder Sam Bankman-Fried and senior staff spent customer funds on technology investments, real estate and political contributions, among other things. The missing funds are at the heart of Bankman-Fried's criminal trial. Top lieutenants of FTX and its sister company, Alameda Research, have pleaded guilty to fraud and looting customer funds.

◆ **Venture capital investments: over $5 billion**

Much of the $5 billion-plus that FTX invested in tech companies was financed through misappropriated customer funds, according to lawsuits filed against senior executives.

Many deals haven't paid off. FTX bought the trading platform Embed for $236.8 million in September 2022, planning to use it to roll out stock trading for FTX customers, legal filings show. No buyers are willing to pay more than $1 million for the company now.

FTX has sued Embed's former shareholders, including Y Combinator and Bain Capital, to get the money back.

Bankman-Fried invested $700 million of FTX money in the venture-capital firm K5 Global in 2022. K5's co-founders, Bryan Baum and the former Hollywood agent Michael Kives, each received $125 million payments as part of the

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Torrent of Treasurys Tests Bond Market

By Eric Wallerstein

The autumn bond rout is challenging Wall Street's longstanding belief that the U.S. government can't sell too many Treasurys.

Ever since the Federal Reserve broke the inflation scare of the 1980s, Wall Street and Washington shrugged off multitrillion-dollar deficits, counting on the U.S.'s global standing to provide perpetual demand for its debt that could finance the spending. Now, the steep declines in prices of Treasurys are forcing markets to confront the possibility that the rates required to place all this debt will be higher than anyone expected.

The yield on the benchmark 10-year Treasury note, which rises when bond prices fall, briefly surged near 4.9% on Friday after the monthly jobs report showed U.S. employers hired nearly double the workers that economists were anticipating. The strength of the labor market is one reason bond yields soared this year, reflecting an improved outlook for economic growth and inflation.

Another came this summer, after the Treasury Department caught Wall Street off guard by saying it would borrow

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Firms Open Offices for Remote Staff

By Harriet Torry

Caroline Giese decamped to Durham, N.C., from Seattle during the first wave of Covid-19 in 2020 to live and work remotely. Roughly two years later, her office followed her there.

Rather than requiring Giese to return to the West Coast office, employer Boston Consulting Group in October 2022 rented dedicated WeWork office space for Raleigh-Durham area workers, most of whom relocated there during the pandemic.

BCG, a global company with 29 offices in the U.S., also has opened new offices in Nashville, Tenn., San Diego and Brooklyn, N.Y., in the past two years. The four locations—two of which are at co-working facilities—provide office space for more than 300 workers close to where they want to live, the firm said.

"My commute is about 10 minutes. It cuts down travel time. There's more time for pre- and post-work activities," Giese said. "It just feels like a more tightknit, sustainable place to live."

Giese, a 34-year-old management consultant with clients in the Southeast, isn't required to be at the office a minimum number of days each week but likes having the option when she isn't traveling. "Being 100% remote was really hard because a lot of our job requires collaboration and brainstorming and working together," said Giese. "Learning and development is so much more accelerated when we can be in person."

Companies and workers are still trying to find the right mix of in-person, hybrid and remote work more than three years after the pandemic hit. With the unemployment rate hovering near a half-century low, the tight labor market means employers are in a delicate dance with workers over the optimal amount of work-from-home flexibility.

The number of available job openings exceeded unem-

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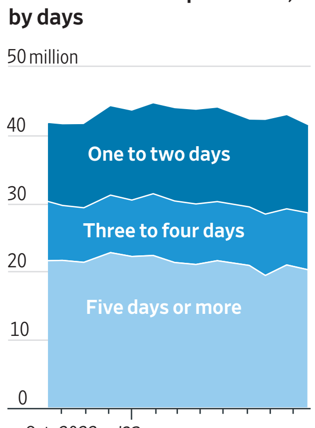
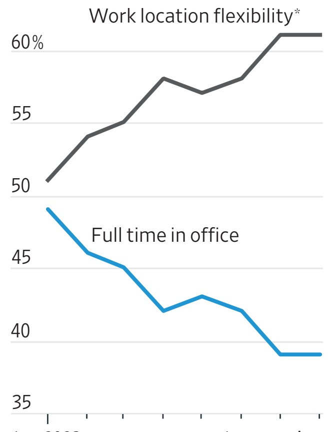
Number of Americans that teleworked in the past week, by days



Office policies at U.S. companies



*Means a company allows employees to work at least one day a week outside the office.
Source: WSJ analysis of Census Pulse data (Americans teleworking); Flex Index from Scoop (offices policies)

NYSE Owner Aims to Expedite Mortgages

By Alexander Osipovich

Intercontinental Exchange is best known as the owner of the New York Stock Exchange. Now, it has taken a commanding role in the multitrillion-dollar market for U.S. home loans.

ICE has plowed more than $23 billion into an ambitious yearslong bet to overhaul the plumbing of the mortgage market.

The Atlanta-based company made a series of acquisitions that it says will allow it to replace antiquated back-office processes and combine a mishmash of technology providers used by lenders and servicers. The machinery that underpins the mortgage market is ripe for disruption, with clunky and slow-moving operations that are overdue for modernization, industry insiders say.

In September, ICE closed its biggest mortgage deal yet: the $11.9 billion acquisition of the software provider Black Knight. With that deal complete, ICE now owns critical pieces of technology used in every step of the lifetime of a mortgage.

Let's say you're a home buyer. When you meet a lender to get a mortgage, the loan officer is often using software from Ellie Mae, which ICE bought for around $11 billion in 2020. When you close the mortgage, it is typically registered in a giant database called Mortgage Electronic Registration Systems, or MERS, which ICE acquired in stages between 2016 and 2018. Your mortgage might also be recorded with the county government using a business called Simplifile. ICE bought it in 2019.

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BUSINESS & FINANCE

Investors Pin Hopes on Earnings

BY HANNAH MIAO

Investors worried about the recent pullback in stocks are counting on the coming earnings season to give them something to get excited about.

For much of 2023, U.S. stocks roared higher despite lackluster corporate profits. But an accelerating selloff in bonds has pushed longer-term yields near their highest levels in more than a decade, denting enthusiasm for stocks. A growing expectation that the Federal Reserve will keep interest rates higher for longer is adding fuel to investors' anxieties.

The S&P 500 is down 6.1% since the end of July, cutting its year-to-date advance to 12%. The pullback has wiped out most of the blue-chip Dow Jones Industrial Average's 2023 gains.

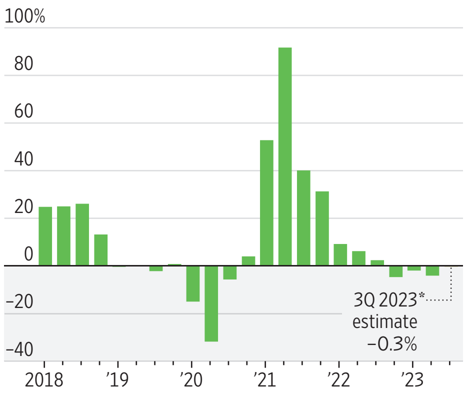
Companies in the S&P 500 are projected to post a 0.3% year-over-year drop in third-quarter earnings, according to FactSet estimates. That would be the smallest decline in the past four quarters. Because a majority of companies historically beat expectations, some investors think the third quarter could actually see the first earnings growth in a year.

Market sentiment has been heavily influenced lately by the path of bond yields and the Fed's policy moves, but investors say the earnings season could refocus attention on the fundamental value of stocks: companies' underlying profits and growth trajectory.

"Investors are looking to earnings as something that can help pull us out of this nose-dive," said Sam Stovall, chief investment strategist of CFRA.

In the week ahead, investors will review results from some of the country's biggest banks, including **JPMorgan Chase** and **Citigroup**, as well as **PepsiCo** and **Walgreens Boots Alliance**. They will also parse the latest consumer- and producer-price readings, which are likely to influence the Fed's interest-rate plans.

S&P 500 quarterly earnings, change from a year earlier



S&P 500 price/earnings ratio, next 12 months

*Based on estimates, as of Oct. 6

Source: FactSet

Friday's monthly jobs report showed the strongest payroll growth since January, the latest sign of strong economic momentum that keeps the door open for the Fed to keep raising interest rates. The yield on the 10-year U.S. Treasury note, a benchmark for borrowing costs on everything from mortgages to corporate loans, briefly surged near 4.9% following the report.

S&P 500 companies are projected to post a 0.3% drop in earnings.

Elevated bond yields make stocks look less attractive because they represent an essentially risk-free return, raising the bar for riskier assets like equities. High rates also make borrowing more expensive for companies, potentially eating into corporate results.

Investors are also interested in what quarterly earnings results and commentary from company executives reveal about the state of the consumer. Household spending surged over the summer, but savings are down from pandemic highs. The restart of student-loan payments could yank as much as $100 billion from Americans' pockets over the coming year.

Mark Luschini, chief investment strategist at Janney Montgomery Scott, said he will be attuned to what management at the big and regional banks say about their consumer banking customers.

"The bloodline of the economy is the banks," said Luschini.

Early quarterly reports paint a mixed picture of the consumer. **Nike** shares jumped after the sportswear giant beat Wall Street's earnings expectations last month. Executives said demand continues to be strong and the consumer remains resilient.

Food company **Conagra Brands**, the maker of Slim Jim meat sticks and Chef Boyardee canned pasta, reported weaker-than-expected quarterly sales last week, citing an industrywide slowdown in consumption. Shares dropped to a 52-week low after the report.

"After three years of unprecedented inflation, along with other macro dynamics, consumers have felt increased financial pressure and used a variety of strategies to stretch their balance sheet," Conagra Chief Executive Officer Sean Connolly said on the company's earnings call.

Analysts expect communication-services companies to report the highest year-over-year earnings growth among the S&P 500 sectors at about 31%, with **Meta Platforms** being the biggest contributor, according to FactSet. They forecast the energy segment to experience the biggest profit decline, compared with last year when oil prices soared and earnings boomed.

Another key concern for investors is the impact of a rallying dollar on overseas revenue. A strong dollar can hurt U.S. companies that sell goods abroad by making those products less affordable.

ICE Takes Aim at Mortgages

Continued from page B1

Black Knight is the final major piece of the puzzle for ICE. If your lender sells the servicing rights to your mortgage, the servicer is the company that collects your payments and takes your phone calls if you have a problem. Black Knight controls nearly two-thirds of the market for mortgage-servicing software. That company, too, is now part of ICE.

Critics, including smaller lenders and politicians on Capitol Hill, worry about ICE's growing heft in a business that touches vast swaths of the U.S. population. The Federal Trade Commission initially sought to block the Black Knight acquisition on antitrust grounds, but relented after ICE agreed to divest itself of some assets.

"The industry has too many disparate systems that have never figured out how to communicate with each other, and a lot of it is still done on paper," ICE Chief Executive Jeffrey Sprecher said in an interview.

Sprecher said that integrating all those systems and digitizing the back-office processes behind them will make it much easier to get a home loan, or to figure out whether it is time to refinance.

Today it takes between 30 and 45 days to close an average mortgage, according to the Mortgage Bankers Association. The process is sluggish, in part, because banks review reams of paperwork to sign off on a loan.

ICE has promoted an all-digital process, which gained popularity when home buyers were stuck at home during the pandemic. The company also has pushed to ensure that the "golden record" of mortgages—recognized by courts as the official record of a home loan—is digital. Today about 8% of new U.S. mortgages are officially registered in paperless form, up from 2% in 2020, according to ICE.

Eventually, ICE hopes to create an electronic marketplace in which investors can easily buy and sell home loans—a sort of NYSE, but for mortgages.

Not everyone has welcomed ICE's foray into mortgages.

ICE is poised to become "a housing finance conglomerate that would dwarf all other players in the industry," Rep. Maxine Waters (D., Calif.), the top Democrat on the House Financial Services Committee, wrote in an August letter to the head of the FTC. She urged the agency to take action to prevent the company from harming consumers.

Some lenders worry that ICE will squeeze out rival tech providers, allowing it to charge them higher fees—cost increases that would trickle down to borrowers. The Community Home Lenders of America, a trade association for smaller and midsize lenders, has accused ICE of engaging in a variety of unfair practices that amount to price gouging.

In a letter to regulators in August, the group said ICE charged lenders "junk fees" to access basic data about a customer's mortgage. It also said ICE refused to reduce fees when many lenders laid off employees in 2022, even though the fees were based on the number of users at each firm, and ICE had increased the fees when the housing market was strong and lenders were hiring. The result was "heads ICE wins, tails they don't lose," the trade association said.

ICE executives disputed that their fee increases have been unfair. Sprecher argued that the company's investment into improving mortgage technology will make lenders more efficient, enabling them to do more business. He dismissed concern that ICE was acting monopolistically.

"Software is competitive," he said. "If we're successful, we'll attract more competition."

BRENDAN MCDERMID/REUTERS

Jeffrey Sprecher, ICE's chief executive officer.

Trucker's Bankruptcy Resets Sector

BY PAUL BERGER

The sale of failed trucker Yellow's real estate is turning into a battle for a competitive edge in a corner of the trucking industry that forms a crucial part of the U.S. economy.

Estes Express Lines, the largest privately held trucking company in the country with revenue of more than $5 billion last year, is the stalking-horse, or lead bidder, for Yellow's nationwide network of truck terminals with a bid of $1.525 billion.

If Estes wins the auction, scheduled for late November, it would give the Richmond, Va.-based operator a big leg up in the thriving less-than-truckload segment of the trucking industry.

The sector has been growing about 15% to 20% annually over the past two years and well-run LTL carriers are operating with margins of 15% or more, said Satish Jindel, president of SJ Consulting Group.

"It's even more attractive and desirable to have control over the assets which are critical entry barriers," Jindel said.

Yellow went out of business this summer, dragged down by years of poor management, heavy debts and a fight with the Teamsters union. It left behind about 30,000 workers, 170 terminals and a once-in-a-generation opportunity for rivals to expand.

The thousands of shipments that Yellow handled each day have already been dispersed among other truckers.

But the sale of the large number of properties through bankruptcy could have a longer-lasting impact on the trucking sector, potentially providing winning bidders a fast track toward expansion.

Jindel said a company that scoops up all of Yellow's terminals would be well-positioned to grow in coming years because less-than-truckload carriers depend heavily on their industrial real estate, which is expensive and increasingly difficult to acquire close to population centers.

At the time of its collapse over the summer, Yellow was the third-largest operator in the less-than-truckload sector, in which truckers combine loads from multiple customers in a single trailer.

That industry segment counted about $58.7 billion in revenue in 2022, according to SJ Consulting, and operates as a kind of circulatory system for the U.S. economy, handling about 720,000 shipments daily in fast-paced operations that connect factories, distribution centers and retail stores.

Sites for Remote Work Set

Continued from page B1

ployed job seekers by 3.3 million in August, according to the Labor Department.

Studies show that workers value the freedom and flexibility of remote work, in some cases more than a pay raise. And they have held on to that flexibility: Offices in 10 major U.S. cities were occupied on average at around 50% in late September, according to weekly data from security-provider Kastle Systems.

Employers, meanwhile, are pushing to get workers into the office more often, with many stepping up surveillance of office attendance. Businesses fear that productivity and company culture suffer when workers are dispersed.

Companies such as Zoom, **Alphabet** owned Google and Facebook parent **Meta Platforms**—all early pioneers of remote work—are ordering more employees back to the office. **Amazon.com** this summer told workers that they might have to relocate to main offices concentrated in bigger cities.

"None of us have figured out exactly the right combination of hybrid work," said Brian Gross, BCG's chief operating officer for North America. "Where we landed is that some amount of time together is really important. People found flexibility [during the pandemic] and want to keep that."

CORNELL WATSON FOR THE WALL STREET JOURNAL

A Boston Consulting employee conducts a virtual meeting in a phone-booth-like structure.

An August survey conducted by BCG Henderson Institute, the consulting firm's think tank, found that office workers from different companies who were dissatisfied with their work flexibility were more than twice as likely to consider leaving their organization in the next year compared with those who were satisfied.

Although employees in those satellite offices often don't work on the same teams, staff members are exposed to company culture and have opportunities to collaborate, Gross said. BCG's new offices haven't meant downsizing other locations, he said.

Companies can save costs by renting co-working space or adding offices in cities with lower rent, said Travis Howell, an Arizona State University assistant professor who studies co-working trends. "I think we're going to start seeing more companies rent desks at co-working spaces for their employees or give their employees a 'co-working stipend' where they can choose their own space," he said.

Citigroup, which requires most workers globally to be in the office three days a week, considered opening smaller locations in New York's Nassau and Westchester counties, a short distance from the Manhattan headquarters, but the bank ultimately abandoned the idea.

"We explored it, but our hope and desire was always to bring people back when it was safe," said Edward Skyler, Citigroup's head of enterprise services and public affairs. "Banking is an apprenticeship business. People really learn from being around each other."

Umbra, a California-based satellite maker and data seller, has a co-working space outside Washington, D.C., "for traffic so people don't have to deal with it," said Gabe Dominocielo, the company's founder and president. The company also has a government-affairs office in Washington, which it is expanding.

He said the cost of setting up new workspaces to accommodate workers' living preferences and shorten commutes was "so marginal relative to having happy people—it's just nothing."

UAW Talks Jobs at Future Battery Plants

By Nora Eckert
And Mike Colias

One of the biggest issues in the United Auto Workers' contract negotiations with Detroit's three automakers is over jobs that don't exist yet.

Wages and retirement benefits have been central issues in talks over new four-year contracts between the union and **General Motors**, **Ford Motor** and **Stellantis**. Yet pivotal to the companies' and the union's futures are nearly a dozen U.S. battery factories that the carmakers have in the works.

On Friday, the UAW opted to forgo additional walkouts at the three automakers, with union leader Shawn Fain citing progress in negotiations. The UAW still has about 25,000 workers on strike at five assembly plants and dozens of parts-distribution centers, as the labor action enters its fourth week.

At GM specifically, Fain said the car company agreed to include battery production work in the UAW's national bargaining agreement. That suggests workers at the companies' U.S. battery facilities could be covered by the union's main contract with GM, although it is unclear if they would be under a separate wage structure from employees at assembly plants and other facilities.

GM declined to comment directly on Fain's remarks, saying that it continues to negotiate.

Union leaders have expressed concern about job losses as the industry shifts to electric vehicles, because many of the engine and transmission factories that have long been core to auto manufacturing are destined to disappear. Fain has said future battery plants should be unionized and receive fair wages and benefits.

Bob King, former president of the UAW, said it would be "an existential threat to the UAW's viability if these plants were not under the master agreement." He said protection under that broad contract typically provides workers improved safety on the job, and better pay, benefits and job security.

GENE J. PUSKAR/ASSOCIATED PRESS

The United Auto Workers organized an Ohio GM-LG Energy battery plant last year.

However, the battery factories being developed by the Detroit carmakers are joint ventures with Asian companies, which complicates the union's fight to include them in the contract negotiations.

These future factories will still have to be organized by the UAW once employees are hired. That means a majority of workers would have to support joining the union.

GM, for example, is building three of its U.S. battery plants with Korea's **LG Energy Solution**, including an Ohio factory that the UAW organized last year after it opened.

An LG spokeswoman declined to comment on the union's disclosure of GM's decision to include its battery production in the union contract.

In addition to GM, Ford has four battery plants under construction, and Stellantis is developing two.

Cruise Lines Try to Go Green Ahead of New Climate Rules

By Kim Mackrael

The global cruise industry is trying to go green ahead of a wave of new climate rules. Getting it done involves managing high costs, a dearth of renewable fuel and pressure from regulators and environmental groups.

Cruise operators are buying new ships that can run on alternative fuels, redesigning hulls to move more efficiently through the water and adding electricity hookups for when their ships are at port, where they otherwise might pump out toxic exhaust.

Carnival, the world's biggest cruise company, has equipped more than half of its fleet to plug into local power grids when docked. **Royal Caribbean Group** and **Norwegian Cruise Line Holdings** have ships on order that the companies say will be able to run on methanol. **MSC Cruises** uses a digital platform to analyze weather, fuel consumption and other data to optimize its ships' efficiency.

The companies are preparing for new rules that will require them to pay for some of their emissions and meet new targets in transitioning to cleaner fuels. They also expect that global regulations could tighten further. Cruise lines, like other parts of the shipping industry, are pushed to act quickly and thoroughly because ships that are ordered today are likely to be in operation for decades.

Complicating the industry's investments is the high cost of building and fueling eco-friendly ships after some cruise operators racked up billions of dollars in debt during the pandemic. Cleaner renewable fuels are expensive and aren't yet available or used in large quantities. Just 34 of the world's ocean-cruise ports—roughly 2%—have electrical hookups, according to industry figures.

Although cruise ships are responsible for a tiny portion of overall human-caused greenhouse-gas emissions, their onboard services contribute to higher emissions on average compared with cargo ships, according to industry estimates.

Faig Abbasov, director for shipping at environmental group Transport & Environment, said some cruise companies are investing in technology that can sharply reduce their emissions once it is in use—such as hydrogen fuel cells or engines that can run on green methanol—but the overall industry isn't moving quickly enough.

New environmental rules are set to take effect over the coming years.

Shipping companies whose vessels start or end voyages in Europe, including those that run large cruise ships, will have to start paying for a portion of their emissions beginning next year through the European Union's emissions-trading system. A separate EU law will compel shipping companies to progressively increase their use of lower-emission fuels beginning in 2025, and ports in the bloc that are used frequently by cruise and containerships will need to provide onshore electricity connections by 2030.

California already has state-level rules that require cruise ships to plug into shore power or otherwise sharply curb their emissions while at high-traffic ports including Los Angeles and Long Beach.

The International Maritime Organization, a United Nations organization, in July committed to new greenhouse-gas emission reduction targets. The IMO also has rules for energy efficiency and carbon intensity in the shipping industry.

Regulations are "the only way that you can seriously drive this kind of massive step change in what we're doing as an industry," said Linden Coppell, MSC Cruises' vice president for sustainability. Incoming rules will affect the kinds of ships the company orders in the future, how it transitions to alternative fuels and efforts to improve the vessels' efficiency, she said.

Cruise companies are moving ahead with green investments despite the debt that some of them racked up during the pandemic.

Carnival said it has fewer new ships on order than at any point in recent decades. However, the company said it hasn't significantly reduced capital expenditures, which include investments in sustainability-related technologies. Royal Caribbean said its sustainability commitments remained steadfast during the pandemic.

Norwegian has indicated in earnings reports that compliance with environmental rules and its own climate commitments will be costly. The company announced plans for two new methanol-ready ships earlier this year.

CARNIVAL CORPORATION

Carnival and other cruise operators are upgrading their ships.

Musk Pushes for More 'Citizen Journalism' at X

Owner wants more videos, urging users and celebrities to generate content

BY TIM HIGGINS

Elon Musk is exhibiting tabloid-publisher vibes these days as he courts controversy—and content—on Twitter-turned-X in the name of "citizen journalism."

In that context, the world's richest man recently trekked to the border town of Eagle Pass, Texas, to dip into the latest flashpoint in the culture wars: the wave of migrants crossing into the U.S. from Mexico illegally and the contentious debate between Democrats and Republicans over how to handle it.

"You're just talking to America here and people just want to understand exactly what's going on," Musk said during a streaming video on X as he turned his smartphone toward the local sheriff to broadcast his thoughts on the border drama.

The image of the South Africa-born entrepreneur, wearing mirrored aviator sunglasses and black cowboy hat, juxtaposed against the huddled masses quickly drew criticism as uncaring, even as Musk expressed a desire for making legal immigration easier.

Later, Musk appended his intentions in a tweet: "I hope people around the world engage in citizen journalism, so we know what's truly happening and we get real-time, on-the-ground coverage!"

His trip came after weeks of complaining on X that the migrant situation wasn't attracting proper media attention.

He has framed X's strengths as a rival to—and replacement for—traditional news outlets for real-time information fueled by what he calls "citizen journalism." Or, less elegantly put: user-created content.

Almost a year into owning the social-media platform, Musk's vision for making X a competitor against the likes of YouTube is coming into greater focus after improving its video capabilities—like those on display in Texas—and developing revenue sharing with users creating content for the site to make it a more appealing home.

Now, he is stepping up efforts to recruit creators, urging Taylor Swift and Jimmy Donaldson, the YouTube star known as MrBeast, to follow in the footsteps of former Fox News star Tucker Carlson and create videos for X.

"For those considering putting their work on the X platform, consider that Tucker Carlson's show when he was on TV, had single digit million viewers," Musk recently tweeted, using stats that aren't comparable between mediums. "Strong by legacy news standards. Views for his episodes on X now exceed the population of the United States."

Still, Swift and MrBeast haven't begun cranking out original videos for the platform.

TikTok, YouTube and others have fiercely competed to be the home for social-media stars who draw huge audiences and advertising dollars. But X has largely been an afterthought in the so-called creator economy after failing to find its footing in user-generated videos under previous management.

Soon after taking control of X, Musk signaled he wanted to change that.

"Let's see what happens when Twitter offers good video with higher compensation for creators," Musk said in late November, a month into his ownership and before he changed the company's name.

In July, the company said it had begun paying qualified creators a portion of revenue from ads placed in replies of their tweets.

Linda Yaccarino, X's chief executive, recently said the company has paid out almost $20 million as part of that effort.

"If you're a journalist who wants more freedom to write and a higher income, then publish directly on this platform!" Musk touted.

Yann LeCun, chief AI scientist at rival **Meta Platforms**, disagreed with Musk's contention that X is a substitute for traditional news sources.

"X merely tells you that someone, somewhere, noticed something," he tweeted on Sept. 30. "But then, one needs to know if this something is true or false, where it came from, what the context is, and whether it is, indeed, propaganda. Figuring this out is what good journalists do."

How FTX Executives Spent Funds

Continued from page B1

deal, according to court filings.

FTX's new managers have been trying to claw back those funds and said the investments were "vastly overvalued."

◆ Direct payments to company insiders: $2.2 billion

FTX insiders paid themselves over $2 billion with suspected customer funds. Executives also made personal investments with customers' money.

Bankman-Fried and FTX's chief technology officer, Gary Wang, both took out personal loans through Alameda to acquire almost 8% of the trading platform **Robinhood Markets** in May 2022. They bought $546 million in Robinhood shares, according to lawsuits filed against Bankman-Fried.

The FTX executive Nishad Singh used a personal loan from Alameda to buy 44 million shares of FTX in November 2021, worth $477 million at the time. Bankman-Fried took around $10 million from an Alameda account and directed it to an account owned by his father, Joseph Bankman. FTX lawyers said in court papers that Bankman has "been using this gift to finance Bankman-Fried's criminal defense."

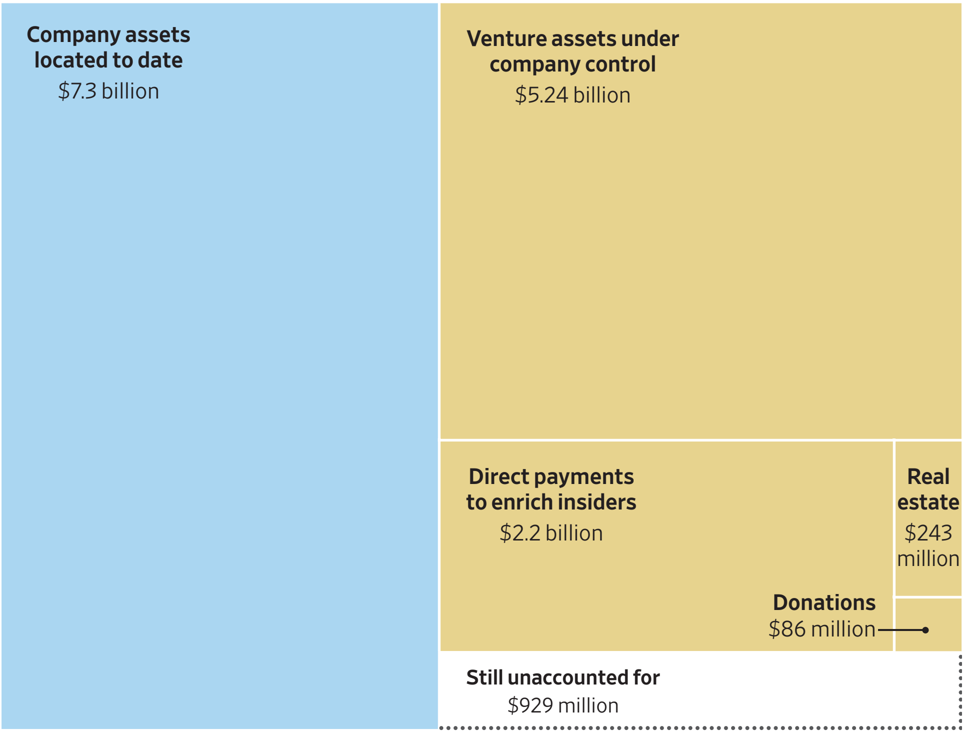
Bankman-Fried, Wang and Singh haven't repaid a penny of those loans and never intended to do so, FTX's new management said.

◆ Bahamas real estate: $243 million

FTX's founders moved their headquarters from Hong Kong to the Bahamas for the Caribbean jurisdiction's laws favorable to crypto. The company used customer funds to buy units at a resort called Albany, according to court documents. One $30 million purchase was a five-bedroom property known as the Orchid Penthouse, where Bankman-Fried lived with some other employees before FTX's collapse.

◆ Donations: more than $80 million to politicians and charities

FTX's balance sheet, as of Sept. 11, 2023



Source: Wall Street Journal analysis of company disclosures and legal filings

FTX customer money helped Bankman-Fried become one of the biggest donors in U.S. politics. Bankman-Fried donated over $28 million of his money to a political-action committee called Protect Our Future. The PAC gave the crypto entrepreneur Carrick Flynn $10 million. He lost his U.S. House Democratic primary race in Oregon in May 2022.

As a company, Alameda contributed to Democratic politicians including Sen. Kirsten Gillibrand of New York and Rep. Jim Costa of California. Both have said they would return or donate any funds contributed by Bankman-Fried. The FTX founder also made a number of his donations on a personal basis, some of which were made with customer funds, according to federal prosecutors.

Several charities benefited from FTX's donations.

Alameda gave a $500,000 grant to the Good Food Institute, a nonprofit think tank for meat alternatives. The company said it had spent the FTX funds it received.

Bankman-Fried's brother, Gabe, received $35 million from FTX accounts for his charity Guarding Against Pandemics.

FTX estimates there is still around $80 million of charitable and political donations that the company could recover to repay customers.

"These contributions were disguised to look like they were coming from the wealthy co-conspirators, when in fact the contributions were funded by Alameda with stolen customer money," said Damian Williams, the U.S. attorney for the Southern District of New York, last year.

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Oil Patch Is Primed for More Megadeals

Exxon-Pioneer tie-up could press Chevron and other rivals to consolidate further

By Collin Eaton And Benoît Morenne

COMMODITIES

The U.S. oil industry could be on the cusp of consolidation that would deliver a band of unruly shale frackers into the hands of a few old-guard producers.

Exxon Mobil is trying to seal a deal to buy **Pioneer Natural Resources** in a blockbuster takeover that could be valued around $60 billion, The Wall Street Journal reported on Thursday. It isn't the only company looking for a deal.

Rivals **Chevron** and **ConocoPhillips** are scouring the shale patch for targets, while smaller drillers have started to make clear they are available for the right price, people familiar with the matter said.

The most-desirable drilling bounties are in the Permian Basin of West Texas and New Mexico, where investors and energy executives say a deal-making scramble is in the works.

A wave of deals could reshape the U.S. oil-and-gas industry, from an era defined by relatively small drillers chasing growth to one dominated by the largest Western oil companies. The emerging order could resemble what came out of the industry's megamergers that began in the late 1990s and included linkups between Exxon and Mobil, Chevron and Texaco, and BP and Amoco, among others.

Oil producers have escaped rigorous antitrust scrutiny historically, as regulators often take the view that their products compete in a global market. Current and former oil executives said they felt regulators wouldn't likely block a new round of deals.

Investors signaled their expectation that more deals could be in the offing by piling into frackers' stocks on Friday. All told, they added about $16 billion in market capitalization to the 10 largest independent drillers following the news.

Exxon, Chevron and their peers are sitting on historically large war chests, filled by a prolonged period of high commodity prices because of post-pandemic economic growth and Russia's invasion of Ukraine.

But the companies have been hamstrung in deploying the cash by investors who have insisted producers keep spending disciplined and give them huge payouts instead of chasing growth unprofitably, as the companies did over the previous decade. Some investors have pushed oil companies to invest in greener energy sources and reduce emissions, which many drillers have done, to varying degrees.

Drillers accommodated investors for the past two years, but appear ready to test the waters on putting their cash to use, with Exxon CEO Darren Woods leading the way.

The deliberations between Exxon and Pioneer were fluid Friday, with people close to the matter cautioning there still might be no deal. Some shareholders have expressed reservations about the potential tie-up. But in a sign some are betting on a deal, Pioneer stock shot up more than 10% on Friday. Exxon shares edged down less than 2%.

If consummated, the deal would immediately put pressure on Exxon's rivals, Chevron chief among them. Exxon is by far the largest Western oil company, with a market capitalization of about $430 billion. Adding Pioneer would strengthen its market share and pricing power with suppliers and service companies while positioning it to boost oil production for years to come.

Chevron CEO Mike Wirth has been looking for a big deal of his own. After gobbling up a pair of smaller drillers over the past three years, Wirth has begun thinking about leaving the company with as much running room as possible before he retires, people familiar with the matter said.

JOE RAEDLE/GETTY IMAGES
The most-desirable bounties are in the Permian Basin of West Texas, above, and New Mexico.

As recently as the beginning of the year, Chevron was interested in Occidental Petroleum, one of the largest producers in the Permian, people familiar with the matter said. Acquiring Occidental, which has a market capitalization of about $55 billion, would rival Exxon's deal for Pioneer, but Chevron's interest has fizzled in recent months.

$60B
Value of a deal for Pioneer, which Exxon Mobil is seeking to buy.

Chevron has moved on to other, smaller targets, people familiar with the matter said. There are several options in the Permian, including CrownRock, one of the region's largest private producers, which has hired bankers to advise it on a potential deal and is seeking a sale price of around $10 billion to $15 billion.

Small producers spearheaded the shale boom, deploying new production techniques to unlock troves of oil in regions shunned by others—and turning the U.S. into the world's largest oil producer. Large public companies followed, turning attention away from far-flung locales and back to places such as the Permian Basin.

Myriad wildcatters grew shale by taking on billions of dollars of debt and, with investors' blessing, deploying thousands of oil rigs. But many of these producers drilled themselves out of cash on wells that proved less profitable than promised and filed for bankruptcy when oil prices crashed between 2014 and 2015. The period reached its nadir during the pandemic when oil prices collapsed again.

Now, the large cohort of middling shale companies that ran up huge debt piles to grow as fast as possible are too small to attract capital from Wall Street and are running out of their best drilling sweet spots, making them cheaper acquisition targets.

"There are too many companies," said Mark Viviano, a managing partner at investment firm Kimmeridge Energy Management. "Consolidation is the last piece of the puzzle in rationalizing the shale industry."

Market conditions are ripe for deals as oil prices have recovered from a trough this year and are high enough that sellers think they can get a good deal, but not so high as to deter potential buyers, said Dan Pickering, chief investment officer at financial services firm Pickering Energy Partners.

Historically, big deals in the oil patch have come in waves. BP's $48.2 billion acquisition of Amoco in 1998 set off the deal bonanza that created the world's supermajors. After the onset of the pandemic in 2020, ConocoPhillips scooped up Concho Resources and Shell's Permian assets for almost $20 billion combined; Pioneer bought Parsley Energy and DoublePoint Energy for a combined $11 billion; Chevron snapped up Noble Energy for about $5 billion.

Pickering said a deal between Exxon and Pioneer would create new momentum for transactions in the Permian as it would demonstrate that even one of the largest U.S. producers has to build up its inventory, and that remaining resources in the most prolific basin in the nation are becoming scarce.

Lately in the oil patch, bigger companies have attracted an outsize portion of investors' capital. Last year, some of the largest institutional investors, including Capital Group, Fidelity and T. Rowe Price, increased their U.S. energy holdings to a combined $170 billion, up 27% from 2017.

But most of that investing benefited the five largest U.S. oil companies—Exxon, Chevron, ConocoPhillips, and **EOG Resources**, as well as oil-field services giant **Schlumberger**—which together accounted for about $88 billion of the investment firms' holdings last year, up from $49 billion in 2017, according to an analysis by Kimmeridge.

A Pioneer tie-up would make Exxon by far the largest oil-and-gas producer in the contiguous U.S., almost 50% bigger than Chevron, which is currently the largest producer in the region, according to energy-research firm Wood Mackenzie.

MARKETS DIGEST

New to the Market

Lockup expirations B8

Public Offerings of Stock

IPOs in the U.S. Market

Initial public offerings of stock expected this week; might include some offerings, U.S. and foreign, open to institutional investors only via the Rule 144a market; deal amounts are for the U.S. market only

Expected pricing date	Filed	Issuer/business	Symbol/ primary exchange	Shares (mil.)	Pricing Range($) Low/High	Bookrunner(s)
10/10	9/12	Birkenstock Holding Footwear manufacturer.	BIRK N	32.3	44.00/ 49.00	GS, JPM, MS, BofA Securities, Citi, Evercore, Jefferies, UBS, BNP Paribas, Equitable Holdings

IPO Scorecard

Performance of IPOs, most-recent listed first

Company SYMBOL IPO date/Offer price	Friday's close ($)	% Chg From Offer price	% Chg From 1st-day close	Company SYMBOL IPO date/Offer price	Friday's close ($)	% Chg From Offer price	% Chg From 1st-day close
Quetta Acquisition **QETAU** Oct. 6/$10.00	10.09	**0.9**	...	Courtside Group **PODC** Sept. 8/$8.00	1.86	**–76.8**	–57.6
Spark I Acquisition **SPKLU** Oct. 6/$10.00	10.09	**0.9**	...	Solowin Holdings **SWIN** Sept. 7/$4.00	2.25	**–43.8**	–63.0
Maison Solutions **MSS** Oct. 5/$4.00	7.32	**83.0**	–18.3	Inspire Veterinary Partners **IVP** Aug. 30/$4.00	1.14	**–71.5**	–62.9
VS Media **VSME** Sept. 28/$5.00	1.88	**–62.4**	–91.8	99 Acquisition Group **NNAGU** Aug. 18/$10.00	10.38	**3.8**	2.1
Klaviyo **KVYO** Sept. 20/$30.00	32.62	**8.7**	–0.4	Sacks Parente Golf **SPGC** Aug. 15/$4.00	1.11	**–72.3**	–96.2
Davis Commodities **DTCK** Sept. 19/$4.00	3.22	**–19.5**	–36.2	SRM Entertainment **SRM** Aug. 15/$5.00	1.72	**–65.6**	–65.5
Instacart (Maplebear) **CART** Sept. 19/$30.00	25.47	**–15.1**	–24.4	LQR House **LQR** Aug. 10/$5.00	0.39	**–92.3**	–90.1
Neumora Therapeutics **NMRA** Sept. 15/$17.00	12.14	**–28.6**	–25.3	NeurAxis **NRXS** Aug. 9/$6.00	3.65	**–39.2**	–39.2
RayzeBio **RYZB** Sept. 15/$18.00	20.59	**14.4**	–14.2	Fitell **FTEL** Aug. 8/$5.00	1.95	**–61.0**	–61.4
SIMPPLE **SPPL** Sept. 13/$5.25	4.91	**–6.5**	0.2	MIRA Pharmaceuticals **MIRA** Aug. 3/$7.00	4.76	**–32.0**	–35.8

Sources: Dow Jones Market Data; FactSet

Public and Private Borrowing

Treasurys

Tuesday, October 10

Auction of 13 and 26 week bills;
announced on October 5; settles on October 12

Auction of 3 year note;
announced on October 5; settles on October 16

Wednesday, October 11

Auction of 17 week bill;
announced on October 10; settles on October 17

Thursday, October 12

Auction of 4 and 8 week bill;
announced on October 10; settles on October 17

Currencies

U.S.-dollar foreign-exchange rates in late New York trading

Country/currency	Fri in US$	Fri per US$	US$ vs, YTD chg (%)
Americas			
Argentina peso	.0029	349.9019	98.0
Brazil real	.1942	5.1500	–2.6
Canada dollar	.7318	1.3665	0.8
Chile peso	.001083	923.50	8.9
Colombia peso	.000231	4326.50	–10.8
Ecuador US dollar	1	1	unch
Mexico peso	.0550	18.1714	–6.8
Uruguay peso	.02553	39.1652	–2.0
Asia-Pacific			
Australia dollar	.6386	1.5659	6.7
China yuan	.1390	7.1953	4.3
Hong Kong dollar	.1277	7.8316	0.3
India rupee	.01203	83.114	0.4
Indonesia rupiah	.0000638	15663	0.6
Japan yen	.006698	149.30	13.9
Kazakhstan tenge	.002093	477.71	3.2
Macau pataca	.1239	8.0700	0.3
Malaysia ringgit	.2122	4.7135	7.0
New Zealand dollar	.5990	1.6694	6.0
Pakistan rupee	.00352	283.725	25.2
Philippines peso	.0176	56.690	1.8
Singapore dollar	.7325	1.3651	1.8
South Korea won	.0007438	1344.36	6.5
Sri Lanka rupee	.0030847	324.18	–11.8
Taiwan dollar	.03112	32.133	4.9
Thailand baht	.02709	36.920	6.6
Vietnam dong	.00004101	24385	3.2
Europe			
Czech Rep. koruna	.04328	23.105	2.4
Denmark krone	.1420	7.0438	1.4
Euro area euro	1.0590	.9443	1.1
Hungary forint	.002736	365.50	–2.1
Iceland krona	.007296	137.06	–3.2
Norway krone	.0916	10.9153	11.3
Poland zloty	.2309	4.3311	–1.1
Russia ruble	.00990	101.000	36.9
Sweden krona	.0913	10.9565	5.0
Switzerland franc	1.0990	.9099	–1.6
Turkey lira	.0362	27.6138	47.7
Ukraine hryvnia	.0272	36.7500	–0.3
UK pound	1.2239	.8171	–1.2
Middle East/Africa			
Bahrain dinar	2.6532	.3769	–0.04
Egypt pound	.0325	30.7939	24.4
Israel shekel	.2596	3.8523	9.3
Kuwait dinar	3.2334	.3093	1.1
Oman sul rial	2.5974	.3850	unch
Qatar rial	.2743	3.646	–0.6
Saudi Arabia riyal	.2666	3.7507	–0.2
South Africa rand	.0518	19.3052	13.4

	Close	Net Chg	% Chg	YTD % Chg
WSJ Dollar Index	100.08	–0.15	–0.15	3.65

Sources: Tullett Prebon, Dow Jones Market Data

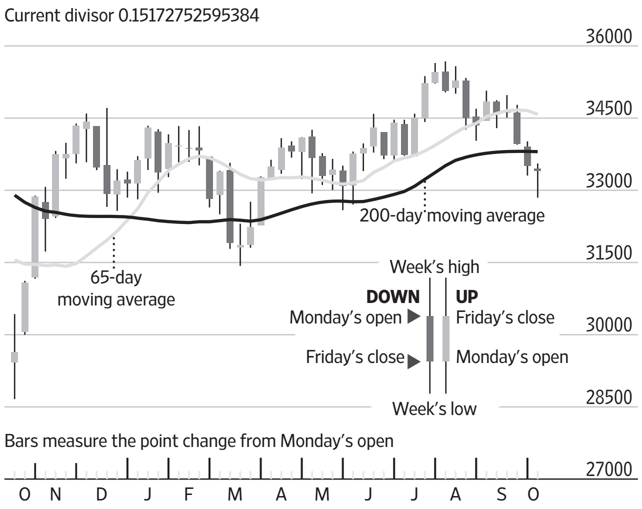
Dow Jones Industrial Average

33407.58 ▼99.92, or 0.30% last week

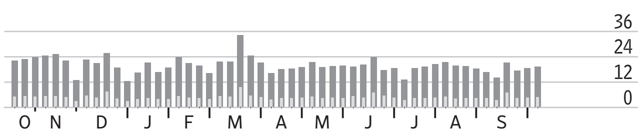
High, low, open and close for each of the past 52 weeks

	Last	Year ago
Trailing P/E ratio	24.19	17.26
P/E estimate *	18.01	15.91
Dividend yield	2.18	2.44
All-time high	36799.65, 01/04/22	

Current divisor 0.15172752595384



NYSE weekly volume, in billions of shares



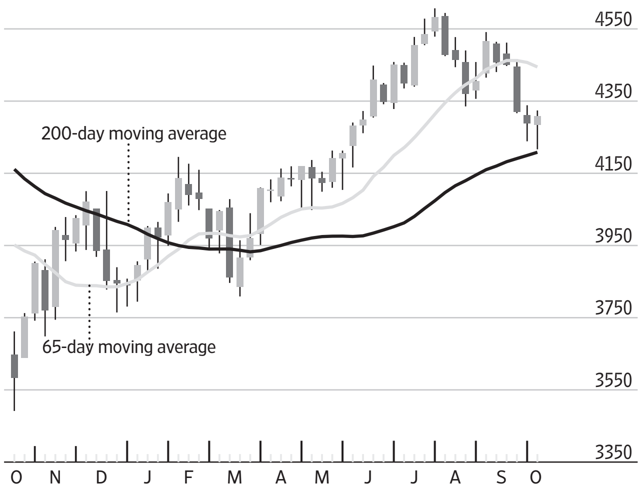
*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.; †Based on Nasdaq-100 Index

S&P 500 Index

4308.50 ▲20.45, or 0.48% last week

High, low, open and close for each of the past 52 weeks

	Last	Year ago
Trailing P/E ratio *	19.42	18.05
P/E estimate *	19.17	16.30
Dividend yield *	1.64	1.79
All-time high	4796.56, 01/03/22	



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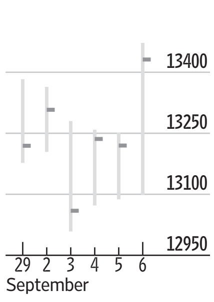
Major U.S. Stock-Market Indexes

	Latest Week High	Low	Close	Net chg	% chg	52-Week Low	High	% chg	% chg YTD	3-yr. ann.
Dow Jones										
Industrial Average	33557.69	32846.94	33407.58	-99.92	-0.30	29202.88	35630.68	14.0	0.8	6.4
Transportation Avg	14952.74	14565.99	14807.73	-161.04	-1.08	12429.60	16695.32	18.7	10.6	9.1
Utility Average	813.29	765.47	800.14	-16.41	-2.01	783.08	1002.11	-7.3	-17.3	-2.0
Total Stock Market	43032.54	41960.15	42870.99	82.30	0.19	36056.21	45969.67	16.8	11.3	7.5
Barron's 400	958.95	937.45	953.80	-9.30	-0.97	862.18	1036.97	9.1	3.6	9.2
Nasdaq Stock Market										
Nasdaq Composite	13472.27	13008.60	13431.34	212.02	1.60	10213.29	14358.02	26.1	28.3	6.4
Nasdaq-100	15021.38	14504.14	14973.24	258.00	1.75	10679.34	15841.35	35.6	36.9	9.9
S&P										
500 Index	4324.10	4216.45	4308.50	20.45	0.48	3577.03	4588.96	18.4	12.2	8.6
MidCap 400	2502.12	2410.08	2455.43	-46.69	-1.87	2245.21	2728.44	8.3	1.0	8.2
SmallCap 600	1149.97	1105.16	1124.00	-27.26	-2.37	1089.14	1315.82	2.8	-2.9	7.9
Other Indexes										
Russell 2000	1782.02	1709.59	1745.56	-39.54	-2.22	1682.40	2003.18	2.6	-0.9	3.4
NYSE Composite	15398.21	14924.95	15214.02	-184.19	-1.20	13546.80	16427.29	10.3	0.2	5.8
Value Line	538.95	517.53	526.91	-12.04	-2.23	495.91	606.49	4.3	-1.8	3.8
NYSE Arca Biotech	5059.44	4893.28	5034.85	20.04	0.40	4537.71	5644.5	9.6	-4.7	-2.4
NYSE Arca Pharma	894.57	863.17	892.99	10.54	1.19	744.66	925.61	19.5	2.9	11.3
KBW Bank	78.18	74.10	76.08	-2.21	-2.82	71.96	115.1	-22.0	-24.6	-0.1
PHLX§ Gold/Silver	107.39	102.39	106.66	-0.82	-0.77	96.42	144.37	3.2	-11.8	-8.6
PHLX§ Oil Service	94.42	87.42	88.92	-5.595	-5.92	66.59	98.76	28.4	6.0	46.5
PHLX§ Semiconductor	3491.99	3355.41	3475.21	40.92	1.19	2162.32	3861.63	47.5	37.2	15.1
Cboe Volatility	20.88	16.93	17.45	-0.07	-0.40	12.82	33.63	-44.4	-19.5	-16.0

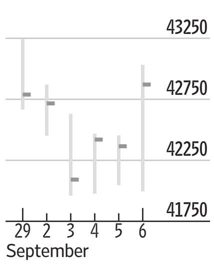
§Nasdaq PHLX

Sources: FactSet; Dow Jones Market Data

Nasdaq Composite
▲ 212.02, or 1.60% last week



DJ US TSM
▲ 82.30, or 0.19% last week



International Stock Indexes

Region/Country	Index	Latest Week Close	% chg	52-Week Range Low	High	YTD % chg
World	**MSCI ACWI**	654.04	–0.42	550.37	707.11	8.0
	MSCI ACWI ex-USA	284.09	–1.86	244.35	314.69	1.0
	MSCI World	2845.23	–0.28	2367.69	3064.30	9.3
	MSCI Emerging Markets	937.34	–1.62	842.76	1052.46	–2.0
Americas	**MSCI AC Americas**	1630.14	0.22	1363.36	1742.64	11.9
Canada	**S&P/TSX Comp**	19246.07	–1.51	18206.28	20767.38	–0.7
Latin Amer.	**MSCI EM Latin America**	2164.66	–5.94	2043.57	2570.27	1.7
Brazil	**BOVESPA**	114169.63	–2.06	97926.34	122560.38	4.0
Chile	**S&P IPSA**	3191.09	–2.98	3021.53	3629.67	0.6
Mexico	**S&P/BMV IPC**	49666.50	–2.38	45443.35	55534.68	2.5
EMEA	**STOXX Europe 600**	444.93	–1.18	385.88	471.74	4.7
	STOXX Europe 50	3888.74	–0.79	3344.87	4079.60	6.5
Eurozone	**Euro STOXX**	435.62	–1.20	363.51	470.38	6.3
	Euro STOXX 50	4144.43	–0.72	3331.53	4471.31	9.2
Austria	**ATX**	3119.98	–1.52	2684.48	3557.01	–0.2
Belgium	**Bel-20**	3490.44	–1.76	3313.82	3954.16	–5.7
France	**CAC 40**	7060.15	–1.05	5818.47	7577.00	9.1
Germany	**DAX**	15229.77	–1.02	12172.26	16469.75	9.4
Greece	**Athex Composite**	1136.93	–5.99	808.98	1345.95	22.3
Israel	**Tel Aviv**	1830.65	–2.20	1707.57	1981.04	1.9
Italy	**FTSE MIB**	27810.61	–1.53	20467	29645	17.3
Netherlands	**AEX**	726.70	–0.29	630.58	794.27	5.5
Norway	**Oslo Bors All-Share**	1452.94	–2.95	1283.21	1510.69	6.6
Portugal	**PSI 20**	5888.35	–3.32	5190.28	6273.94	2.8
South Africa	**FTSE/JSE All-Share**	71657.25	–1.00	64271.36	80791.36	–1.9
Spain	**IBEX 35**	9235.80	–2.04	7261.1	9694.7	12.2
Sweden	**OMX Stockholm**	791.71	–0.46	697.83	886.59	1.3
Switzerland	**Swiss Market**	10837.59	–1.15	10199.32	11595.25	1.0
U.K.	**FTSE 100**	7494.58	–1.49	6826.15	8014.31	0.6
Asia-Pacific	**MSCI AC Asia Pacific**	154.68	–1.69	134.3	170.8	–0.7
Australia	**S&P/ASX 200**	6954.20	–1.34	6642.6	7558.1	–1.2
China	**Shanghai Composite**	3110.48	Closed	2893.48	3395.00	0.7
Hong Kong	**Hang Seng**	17485.98	–1.82	14687.02	22688.90	–11.6
India	**S&P BSE Sensex**	65995.63	0.25	57147.32	67838.63	8.5
Japan	**NIKKEI 225**	30994.67	–2.71	25716.86	33753.33	18.8
Malaysia	**FTSE Bursa Malaysia KLCI**	1416.88	–0.51	1373.36	1501.88	–5.3
Singapore	**Straits Times**	3174.39	–1.34	2969.95	3394.21	–2.4
South Korea	**KOSPI**	2408.73	–2.29	2162.87	2667.07	7.7
Taiwan	**TAIEX**	16520.57	1.02	12666.12	17334.98	16.9

Source: FactSet; Dow Jones Market Data

Commodities and Currencies

	Last Week Close	Net chg	% Chg	YTD % chg
DJ Commodity	979.18	-23.68	-2.36	-6.63
Refinitiv/CC CRB Index	276.90	-7.63	-2.68	-0.31
Crude oil, $ per barrel	82.79	-8.00	-8.81	3.15
Natural gas, $/MMBtu	3.338	0.409	13.96	-25.41
Gold, $ per troy oz.	1830.20	-17.90	-0.97	0.58
U.S. Dollar Index	106.12	-0.10	-0.10	2.51
WSJ Dollar Index	100.08	-0.07	-0.07	3.65
Euro, per dollar	0.9443	-0.0015	-0.16	1.07
Yen, per dollar	149.30	-0.07	-0.05	13.87
U.K. pound, in dollars	1.22	0.0040	0.33	1.17

	52-Week Low	High	% Chg
DJ Commodity	930.59	1071.61	-7.60
Refinitiv/CC CRB Index	253.85	290.29	-3.05
Crude oil, $ per barrel	66.74	93.68	-10.63
Natural gas, $/MMBtu	1.991	7.308	-50.53
Gold, $ per troy oz.	1627.30	2048.00	7.63
U.S. Dollar Index	99.77	113.32	-5.92
WSJ Dollar Index	94.37	105.09	-4.02
Euro, per dollar	0.8897	1.0307	-8.03
Yen, per dollar	127.86	150.15	2.74
U.K. pound, in dollars	1.10	1.31	10.33

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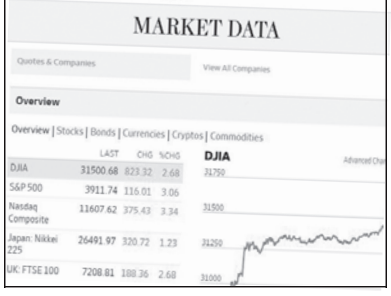

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NOTICE OF DISPOSITION OF PERSONAL PROPERTY BY PUBLIC SALE

Property to be sold: Personal Property description (collectively the "Personal Property"), Intellectual Property, proprietary software, customer lists.

NOTICE IS HEREBY GIVEN that the Personal Property shall be sold, in bulk or in part, pursuant to Article 9 of the Commercial Code or such other law as may be applicable at public sale on October 16, 2023, at 2:00 p.m. Pacific Daylight Time by MS Teams, to be provided and disclosed to qualified bidders.

The auction is with respect to Ocean II PLO LLC, as the administrative and collateral agent ("Agent") for the loan from Structural Capital Investments III, LP, Series Structural DCO II series of Structural Capital DCO, LLC, CEOF Holdings LP, SQN Tempo Automation, LLC, SQN Venture Income Fund II, LP (collectively, "Lender" or "Seller") to Tempo Automation, Inc. (the "Debtor"). Seller was granted a security interest in the Personal Property which is collateral for that certain First Amended and Restated Loan and Security Agreement made by the Debtor in favor of the Seller on or about November 22, 2022. The First Amended and Restated Loan and Security Agreement is in default. As a result of the events of default, Seller is causing the Personal Property to be sold as allowed by law in connection with Commercial Code § 9610, et seq. or such other law as may be applicable to the sale of personal property and/or to mitigate damages with respect to a transaction where a creditor has been granted a security interest.

The buyers of the Personal Property should have the appropriate method of payment immediately available which are to be paid to the secured creditor for the purchase of all items of Personal Property. Should any person or entity have any questions with respect to the sale of the Personal Property, they may contact by e-mail Mitchell Guzik at mguzik@ravixgroup.com to obtain more information regarding the disposition of the Personal Property, including issues with connecting via MS Teams auction registration and submission of sealed bids. A refundable deposit of $1,000,000 is required to qualify as a registered bidder. A sealed bid is required for registration. The required opening bid is $2,500,000.00 in USD or other agreed upon consideration, please contact Mitchell Guzik for further clarification. The bid increments are $500,000.

The sale of the Personal Property shall be sold "AS-IS", "WHERE IS", and "WITH ALL FAULTS" and "WITHOUT ANY REPRESENTATION OR WARRANTY OF ANY KIND, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR PURPOSE AND INFRINGEMENT." All buyers must do their own due diligence with respect to the condition, operation, and any other matters relating to the Personal Property. Further, Seller makes no representation or warranty as to any buyer being able to take possession of the Personal Property. The seller also makes no representations or warranties regarding any alleged liens on the Personal Property which may have been granted by the Debtor.

PLEASE BE ADVISED that Seller anticipates that this sale will not result in the satisfaction of all sums due to the Seller and unless Seller receives sufficient sums to pay all obligations due to Seller, then Debtor and any and all persons or entities liable to Seller arising out of the First Amended and Restated Loan and Security Agreement dated November 22, 2022, or for the use of the Personal Property, shall remain liable for any deficiency after the sale is concluded if Seller does not receive sufficient sums to satisfy the debt due.

Under no circumstances should this sale or disposition be deemed to be a sale in full or partial satisfaction of debt due in accordance with Commercial Code §§ 9620 and 9621 or any other Commercial Code section which deals with the sale of personal property.

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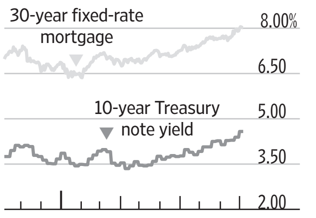
Consumer Rates and Returns to Investor

U.S. consumer rates

A consumer rate against its benchmark over the past year



Selected rates

30-year mortgage, Rate

Bankrate.com avg†:	8.02%
Farmers State Bank	6.63%
Marion, IA	319-390-2534
First National Bank	6.63%
Waverly, IA	319-266-2000
El Dorado Savings Bank	6.75%
South Lake Tahoe, CA	800-874-9779
Florence Savings Bank	6.75%
Florence, MA	800-644-8261
Elizabethton Federal Savings Bank	6.88%
Johnson City, TN	423-952-2560

Interest rate	Yield/Rate (%) Last	Week ago	52-Week Range (%) Low	High	3-yr chg (pct pts)
Federal-funds rate target	5.25-5.50	5.25-5.50	3.00	5.50	5.25
Prime rate*	8.50	8.50	6.25	8.50	5.25
SOFR	5.32	5.31	3.01	5.33	5.23
Money market, annual yield	0.61	0.48	0.22	0.61	0.39
Five-year CD, annual yield	2.83	2.83	2.08	2.86	2.20
30-year mortgage, fixed†	8.02	7.90	6.36	8.05	4.97
15-year mortgage, fixed†	7.18	7.05	5.54	7.18	4.61
Jumbo mortgages, $726,200-plus†	8.09	7.95	6.35	8.14	5.03
Five-year adj mortgage (ARM)†	6.71	6.64	5.33	6.73	3.48
New-car loan, 48-month	7.48	7.47	5.77	7.64	3.34

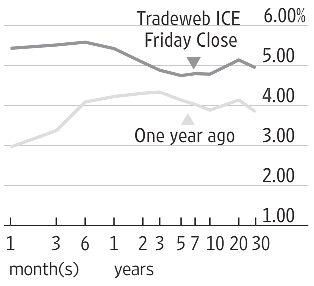
Bankrate.com rates based on survey of over 4,800 online banks. *Base rate posted by 70% of the nation's largest banks.† Excludes closing costs.

Sources: FactSet; Dow Jones Market Data; Bankrate.com

Benchmark Yields and Rates

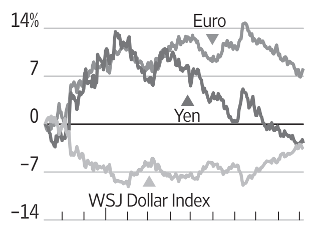
Treasury yield curve

Yield to maturity of current bills, notes and bonds



Forex Race

Yen, euro vs. dollar; dollar vs. major U.S. trading partners



Sources: Tradeweb ICE U.S. Treasury Close; Tullett Prebon; Dow Jones Market Data

Corporate Borrowing Rates and Yields

Bond total return index	Yield (%) Last	Wk ago	Spread +/- Treasurys, in basis pts, 52-wk Range Last	Low	High	Total Return 52-wk	3-yr
U.S. Treasury, Bloomberg	4.970	4.850				-1.80	-6.02
U.S. Treasury Long, Bloomberg	5.110	4.850				-12.32	-16.38
Aggregate, Bloomberg	5.530	5.390	n.a.	44	69	-0.72	-5.54
Fixed-Rate MBS, Bloomberg	5.700	5.570	n.a.	36	88	-1.46	-5.48
High Yield 100, ICE BofA	8.896	8.449	392	321	459	7.385	0.820
Muni Master, ICE BofA	4.221	4.111	-9	-13	11	0.823	-2.348
EMBI Global, J.P. Morgan	8.713	8.355	378	334	478	5.994	-5.047

Sources: J.P. Morgan; S&P Dow Jones Indices; Bloomberg Fixed Income Indices; ICE BofA

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CLOSED-END FUNDS

Listed are the 300 largest closed-end funds as measured by assets. Closed-end funds sell a limited number of shares and invest the proceeds in securities. Unlike open-end funds, closed-ends generally do not buy their shares back from investors who wish to cash in their holdings. Instead, fund shares trade on a stock exchange. **NA** signifies that the information is not available or not applicable. **NS** signifies funds not in existence for the entire period. 12 month yield is computed by dividing income dividends paid (during the previous 12 months for periods ending at month-end or during the previous 52 weeks for periods ending at any time other than month-end) by the latest month-end market price adjusted for capital gains distributions. Depending on the fund category, either 12-month yield or total return is listed.

Source: Lipper

Friday, October 6, 2023

Fund (SYM)	NAV	Close	Prem /Disc	52 wk Ttl Ret
General Equity Funds				
Adams Diversified Eq Inc **ADX**	19.54	16.75	-14.3	21.1
Central Secs **CET**	43.61	35.80	-17.9	9.9
CohenStrsCEOppFd **FOF**	10.04	10.09	+0.5	11.0
EVTxAdvDivIncm **EVT**	22.32	20.91	-6.3	2.4
GabelliDiv&IncTr **GDV**	23.21	19.34	-16.7	9.0
Gabelli Equity Tr **GAB**	4.72	5.00	+5.9	4.5
GeneralAmer **GAM**	49.63	41.35	-16.7	23.6
JHancockTaxAdvDiv **HTD**	18.67	16.94	-9.3	-12.4
Liberty All-Star Equity **USA**	6.06	5.88	-3.0	13.0
Liberty All-Star Growth **ASG**	5.20	4.86	-6.5	3.1
Royce Micro-Cap Tr **RMT**	9.49	8.23	-13.3	11.3
Royce Value Trust **RVT**	14.62	12.66	-13.4	6.6
Source Capital **SOR**	42.14	39.49	-6.3	18.8
Sprott Focus Trust **FUND**	8.05	7.36	-8.6	10.2
SRH Total Return **STEW**	15.95	12.91	-19.1	21.1
Tri-Continental **TY**	30.07	26.59	-11.6	8.9
Specialized Equity Funds				
abrdn Glb Prem Prop **AWP**	3.72	3.54	-4.8	7.1
abrdn Global Infra Inc **ASGI**	18.45	15.40	-16.5	4.9
Adams Natural Resources **PEO**	25.84	21.62	-16.3	6.4
ASA Gold & Prec Met Ltd **ASA**	15.28	13.02	-14.8	-0.7
BR Enh C&I **CII**	18.56	18.34	-1.2	23.0
BlackRock Energy & Res **BGR**	14.25	12.64	-11.3	12.4
BlackRock Eq Enh Div **BDJ**	8.27	7.50	-9.3	3.9
BlackRock Enh Glbl Div **BOE**	11.01	9.42	-14.4	15.4
BlackRock Enh Intl Div **BGY**	5.74	4.96	-13.6	20.1
BlackRock ESG Cap All T **ECAT**	16.90	14.73	-12.8	24.2
BlackRock Hlth Sci Term **BMEZ**	16.98	14.07	-17.1	3.7
BlackRock Hlth Sciences **BME**	41.09	39.26	-4.5	5.4
BlackRock Innov&Gro Term **BIGZ**	8.44	6.97	-17.4	6.6
BlackRock Res & Comm **BCX**	10.37	8.83	-14.9	2.6
BlackRock Sci&Tech Term **BSTZ**	20.51	16.22	-20.9	3.9
BlackRock Sci&Tech Trust **BST**	32.25	32.42	+0.5	19.0
BlackRock Utl Inf & Pwr **BUI**	19.83	19.66	-0.9	5.9
CLEARBRIDGE ENGY MDS OPP **EMO**	34.97	30.23	-13.6	23.7
CLEARBRIDGE MLP&MDSTM TR **CTR**	36.14	30.65	-15.2	20.3
ClearBridge MLP & Midstm **CEM**	40.16	34.19	-14.9	16.4
ChnStrInfr **UTF**	19.73	19.47	-1.3	-5.7
Cohen&SteersQualInc **RQI**	10.70	9.85	-7.9	-2.7
CohenStrs Real Est and I **RLTY**	13.92	12.22	-12.2	2.0
Cohen&Steers TotRet **RFI**	10.40	10.08	-3.1	-8.5
CohenStrsREITPrefInc **RNP**	17.82	16.37	-8.1	-4.4
Columbia Sel Prm Tech Gr **STK**	26.72	27.26	+2.0	30.2
DNP Select Income **DNP**	7.28	9.50	+30.5	2.7
Duff&Ph Uti&Infra Inc Fd **DPG**	9.58	8.16	-14.8	-28.2
EtnVncEqtyInc **EOI**	15.94	15.54	-2.5	15.0
EtnVncEqtyIncoII **EOS**	18.19	17.36	-4.6	20.7
EVRskMnDvsEqInc **ETJ**	8.26	7.70	-6.8	2.1
ETnVncTxMgdBuyWrtInc **ETB**	13.72	12.57	-8.4	-0.1
EtnVncTxMgdBuyWrtOpp **ETV**	12.71	11.95	-6.0	0.6
EvTxMnDvsEqInc **ETY**	11.99	11.62	-3.1	15.5
EtnVncTxMgdGlbB **ETW**	8.57	7.50	-12.5	4.7
EVTxMnGblDvEqInc **EXG**	8.25	7.36	-10.8	9.1
Ecofin S&S Impact Term **TEAF**	NA	11.54	NA	-2.7
First Trust Energy Inc G **FEN**	15.15	12.74	-15.9	-7.7
First Tr Enhanced Eq **FFA**	17.50	17.10	-2.3	24.9
FirstTrEnergyInfra **FIF**	16.22	14.05	-13.4	12.1
FirstTrMLPEner&Inc **FEI**	9.00	7.55	-16.1	10.2
Gabelli Healthcare **GRX**	10.54	8.47	-19.6	-5.5
Gab Utility **GUT**	2.74	5.18	+89.1	-11.4
GAMCOGlGold&NatRes **GGN**	3.69	3.60	-2.4	14.8
J Han Finl Opptys **BTO**	24.29	25.63	+5.5	-11.9
Neuberger Brmn Enrgy I&I **NML**	7.49	6.48	-13.5	10.0
Neuberger Nxt Gen Conn **NBXG**	12.59	10.41	-17.3	22.3
Nuv Dow 30 Dyn Overwrite **DIAX**	15.11	13.54	-10.4	6.7
NuvCorEqAlpha **JCE**	12.49	12.31	-1.4	-7.0
Nuveen Nasdaq 100 Dyn Ov **QQQX**	23.37	22.23	-4.9	12.5
Nuv Real Est **JRS**	7.42	6.60	-11.1	-2.8
NuvS&P500DynOvFd **SPXX**	15.53	14.78	-4.8	3.2
NuvSP500BuyIncFd **BXMX**	13.46	12.65	-6.0	11.8
ReavesUtilityIncome **UTG**	23.96	24.06	+0.4	0.4
Tortoise Enrgy Infra Crp **TYG**	NA	27.58	NA	-2.2
Tortoise Midstream Enrgy **NTG**	NA	32.01	NA	2.6
VDivInt&PremStr **NFJ**	13.17	11.18	-15.1	10.9
V Art Int&Tech Opps **AIO**	18.71	16.53	-11.7	15.5
Income & Preferred Stock Funds				
CalamosStratTot **CSQ**	13.95	13.95	0.0	19.4
CohenStrsLtdDurPref&Inc **LDP**	19.04	16.85	-11.5	1.7
CohenStrsSelPref&Income **PSF**	18.54	17.41	-6.1	4.8
CohenStrsTaxAvPreSecs&I **PTA**	18.52	17.19	-7.2	4.0
Dividend and Income **DNIF**	16.33	NA	NA	NA
FirstTrIntDurPref&Inc **FPF**	16.83	14.17	-15.8	-5.4
JHanPrefInc **HPI**	13.85	13.90	+0.4	-6.1
JHPrefIncII **HPF**	13.74	13.72	-0.1	-8.5
HnckJPfdInco III **HPS**	12.41	12.74	+2.7	-6.8
J Han Prm **PDT**	10.46	9.02	-13.8	-27.3
LMP CapInco **SCD**	13.91	12.19	-12.4	17.5
Nuveen Multi-Asset Inc **NMAI**	12.71	10.95	-13.8	13.4
Nuveen Pref & Inc Opp **JPC**	7.17	6.07	-15.3	-5.1
Nuveen Fd **JPS**	7.06	5.94	-15.9	-1.6
Nuveen Pref & Inc Term **JPI**	17.72	16.64	-6.1	-1.3
Nuveen Var Rate P&I **NPFD**	17.93	15.08	-15.9	-10.2
TCW Strat Income **TSI**	4.93	4.53	-8.1	2.2
Convertible Sec's. Funds				
AdvntCnvrtbl&IncFd **AVK**	11.40	10.18	-10.7	3.5
CalamosConvHi **CHY**	9.96	11.14	+11.8	15.0
CalmosConvOp **CHI**	9.44	10.75	+13.9	15.5
V Conv & Inc **NCV**	3.54	3.03	-14.4	5.0
V Conv & Inc II **NCZ**	3.14	2.72	-13.4	8.5
V Div Inc & Conv **ACV**	19.55	18.48	-5.5	11.5
V Eqty & Conv Inc **NIE**	22.21	20.04	-9.8	18.2
World Equity Funds				
abrdn Emg Mkts Eq Inc **AEF**	5.55	4.69	-15.5	7.6
abrdn Glbl Dyn Div **AGD**	10.12	8.62	-14.8	6.8
abrdn Tot Dyn Div **AOD**	8.72	7.42	-14.9	12.9
Allspring Gl Div Oppty **EOD**	4.60	3.96	-13.9	1.0
BlackRock Cap Alloc Term **BCAT**	16.50	14.39	-12.8	17.3
Calamos GloDynInc **CHW**	6.25	5.47	-12.5	6.1
EV TxAdvGlbDivInc **ETG**	17.49	15.39	-12.0	12.2
EtnVncTxAdvOpp **ETO**	23.53	21.10	-10.3	10.8
FirstTr Dyn Euro Eq Inc **FDEU**	12.83	12.27	-4.4	35.9
Gabelli Multimedia **GGT**	3.40	5.97	+75.6	17.9
GDL Fund **GDL**	10.01	7.73	-22.8	5.6
Highland Global Alloc **HGLB**	11.02	7.89	-28.4	-1.9
India Fund **IFN**	16.43	17.04	+3.7	25.1
Japan Smaller Cap **JOF**	8.57	7.00	-18.3	18.3
LazardGlbTotRetInc **LGI**	16.07	13.81	-14.1	8.1
Mexico **MXF**	NA	15.44	NA	21.0
Miller/Howard High Inc E **HIE**	NA	9.69	NA	11.0
MS ChinaShrFd **CAF**	NA	12.29	NA	-12.2
MS India **IIF**	27.88	22.46	-19.4	15.8
MS CBRE Gl In Mg Term **MEGI**	13.08	11.00	-15.9	-2.7
Nuveen Rl Asst Inc & Gro **JRI**	12.03	10.18	-15.4	-0.3
Templeton Dragon **TDF**	10.10	8.53	-15.5	-10.0
Templeton Em Mkt **EMF**	13.14	11.18	-14.9	15.1

Fund (SYM)	NAV	Close	Prem /Disc	12 Mo Yld
U.S. Mortgage Bond Funds				
BlckRk Income **BKT**	11.75	11.14	-5.2	9.3
Invesco HI 2023 Tgt Term **IHIT**	NA	6.68	NA	5.9
Investment Grade Bond Funds				
Angel Oak FS Inc Trm **FINS**	13.65	12.00	-12.1	9.5
BlRck Core Bond **BHK**	9.87	9.52	-3.5	9.0
BR Credit Alloc Inc **BTZ**	10.62	9.52	-10.4	10.4
Insight Select Income **INSI**	16.45	14.88	-9.5	3.7
J Han Income **JHS**	11.04	10.08	-8.7	4.0
MFS Intmdt **MIN**	2.83	2.66	-6.0	0.0
Western Asset Inf-Lk Inc **WIA**	8.87	7.60	-14.3	14.1
Western Asset Inf-Lk O&I **WIW**	9.56	8.07	-15.6	12.9
Westn Asst IG Def Opp Tr **IGI**	16.18	15.62	-3.5	5.0
Loan Participation Funds				
Apollo Senior Floating **AFT**	14.99	13.23	-11.7	10.2
BR Debt Strategy **DSU**	10.69	10.19	-4.7	9.5
BR F/R Inc Str **FRA**	13.15	12.48	-5.1	9.5
BlackRock Floatng Rt Inc **BGT**	12.78	12.10	-5.3	9.7
BS SFR 2027 T **BSL**	14.54	13.10	-9.9	9.3
BS St Cr 2027 Tm **BGB**	12.40	10.93	-11.9	9.6
Eagle Point Credit **ECC**	NA	10.02	NA	23.9
EtnVncFltRteInc **EFT**	13.11	12.29	-6.3	9.7
EV SenFlRtTr **EFR**	12.91	12.14	-6.0	9.5
FT/Sr Fltg Rte Inc 2 **FCT**	10.99	9.90	-9.9	9.8
Highland Oppty & Income **HFRO**	13.46	7.65	-43.2	11.4
InvDYCrOpp:AX **VTA**	11.26	NA	NA	NA
InvSnrIncTr **VVR**	4.12	3.99	-3.2	14.3
Nuveen Credit Strat Inc **JQC**	5.79	5.01	-13.5	11.2
NuvFloatRateIncFd **JFR**	9.11	8.02	-12.0	11.0
High Yield Bond Funds				
abrdn Inc Credit Str **ACP**	6.65	6.11	-8.1	17.6
AllianceBernGlHiIncm **AWF**	10.32	9.47	-8.2	9.1
Allspring Income Oppty **EAD**	6.84	5.97	-12.7	9.98
Barings Glb SD HY Bd **BGH**	14.33	12.49	-12.9	11.2
BR Corporate HY **HYT**	9.01	8.46	-6.1	10.8
BlackRock Ltd Dur Inc **BLW**	13.35	12.92	-3.2	9.1
BNY Mellon Hi Yield Str **DHF**	2.50	2.16	-13.6	8.9
Brookfield Real Asst Inc **RA**	14.25	12.32	-13.5	19.4
CrSuisHighYld **DHY**	2.05	1.87	-8.8	9.8
DoubleLine Inc Sol **DSL**	11.36	11.19	-1.5	12.9
DoubleLine Yld Opps **DLY**	14.87	14.49	-2.6	9.5
First Tr Hi Inc Lng/Shrt **FSD**	11.93	10.46	-12.3	11.7
First Trust HY Opp:2027 **FTHY**	14.88	13.12	-11.8	11.5
Franklin Univ **FT**	6.92	6.34	-8.4	8.0
KKR Income Opportunities **KIO**	NA	11.80	NA	11.5
NeubHgYldStrt **NHS**	7.63	7.40	-3.0	14.4
New Amer Hi Inc **HYB**	7.59	6.42	-15.4	8.0
Nuveen Global High Inc **JGH**	12.26	11.11	-9.4	11.1
PGIM Global High Yield **GHY**	11.95	10.61	-11.2	11.6
PGIM High Yield Bond **ISD**	13.00	11.58	-10.9	10.7
PGIM Sh Dur Hi Yld Opp **SDHY**	16.60	14.33	-13.7	8.9
PioneerHiIncm **PHT**	7.52	6.67	-11.3	10.1
WstAstHIF II **HIX**	4.50	4.39	-2.4	13.1
Western Asset Hi Inc Opp **HIO**	4.09	3.66	-10.5	10.0
Western Asset Hi Yld D O **HYI**	12.04	11.41	-5.2	9.8
Other Domestic Taxable Bond Funds				
Allspring Multi-Sector **ERC**	9.41	8.98	-4.6	9.0
Apollo Tactical Income **AIF**	14.56	12.98	-10.8	10.8
Ares Dynamic Crdt Alloc **ARDC**	NA	12.65	NA	10.1
BlackRock Mlt-Sctr Inc **BIT**	13.93	14.43	+3.6	10.2
BlackRock Tax Muni Bd **BBN**	16.17	14.79	-8.5	8.1
DoubleLine:Oppor Crdt Fd **DBL**	14.18	14.46	+2.0	9.0
EVLmtDurIncm **EVV**	10.06	8.98	-10.7	11.8
Franklin Ltd Dur Income **FTF**	6.95	6.00	-13.7	11.7
J Han Investors **JHI**	13.50	12.00	-11.1	7.2
MFS Charter **MCR**	6.42	5.87	-8.6	0.0
NuvCorePlusImpact **NPCT**	10.71	8.93	-16.6	11.9
Nuveen Taxable Muni Inc **NBB**	15.62	14.15	-9.4	6.2
PIMCO Corp & Inc Oppty **PTY**	10.40	12.41	+19.3	12.0
PIMCO Corp & Inc Strat **PCN**	10.74	11.42	+6.3	12.3
PIMCOHiInco **PHK**	4.32	4.28	-0.9	13.0
PIMCO IncmStrFd **PFL**	7.46	7.81	+4.7	12.7
PIMCO IncmStrFd II **PFN**	6.56	6.74	+2.7	13.0
Putnam Prem Inc **PPT**	3.66	3.39	-7.4	9.3
Western Asset Dvsfd Inc **WDI**	14.63	12.98	-11.3	11.8
World Income Funds				
abrdn AP IncFd **FAX**	2.87	2.47	-13.9	13.4
MS EmMktDomDebt **EDD**	5.02	4.31	-14.1	7.5
PIMCO Access Income **PAXS**	14.32	13.82	-3.5	16.6
PIMCO Dynamic Income **PDI**	16.46	16.91	+2.7	19.0
PIMCO Dynamic Inc Opp **PDO**	11.92	11.67	-2.1	21.0
PIMCO Stratg Inc **RCS**	4.08	5.15	+26.2	11.5
Templeton Em Inc **TEI**	5.23	4.49	-14.1	12.1
Templtn Glbl Inc **GIM**	4.20	3.82	-9.0	9.4
WstAstEmergDebt **EMD**	9.37	8.06	-14.0	10.9
Western Asset Gl Cr D Op **GDO**	12.12	11.56	-4.6	10.2
National Muni Bond Funds				
AllBerNatlMunInc **AFB**	NA	9.26	NA	4.4
BlckRk Inv Q Mun **BKN**	11.76	10.04	-14.6	5.1
BlackRock Muni 2030 Tgt **BTT**	22.31	19.28	-13.6	3.5
BlackRock Muni **BFK**	10.54	8.94	-15.2	4.4
BlackRock Muni II **BLE**	10.82	9.17	-15.2	4.7
BlckRk Muni Inc Qly **BYM**	11.38	9.84	-13.5	4.7
BR MuniAssets Fd **MUA**	10.20	8.86	-13.1	5.9
BR MH Qly 2 **MUE**	10.50	8.89	-15.3	4.4
BR MuniHoldngs **MHD**	12.20	10.34	-15.2	4.5
BR MuniVest Fd **MVF**	7.18	6.09	-15.2	4.3
BR MuniVest 2 **MVT**	11.09	9.35	-15.7	4.4
BR MuniYield Fd **MYD**	10.84	9.17	-15.4	5.0
BR MuniYield Qlty **MQY**	11.86	10.23	-13.7	5.2
BR MuniYld Qlty2 **MQT**	10.49	8.99	-14.3	4.9
BR MuniYld Qly 3 **MYI**	11.24	9.42	-16.2	5.1
BNY Mellon Muni Bd Infra **DMB**	10.68	9.88	-7.5	4.9
BNY Mellon Str Muni Bond **DSM**	5.86	5.01	-14.5	5.3
BNY Mellon Strat Muni **LEO**	6.19	5.30	-14.4	5.1
DWS Muni Inc **KTF**	NA	7.74	NA	4.2
EVMuniBd **EIM**	10.39	8.89	-14.4	4.6
EVMuniIncm **EVN**	10.39	8.81	-15.2	5.4
EVNatMuniOpp **EOT**	16.83	15.22	-9.6	4.6
InvAdvMuIncTrII **VKI**	NA	7.36	NA	5.5
Invesco MuniOp **OIA**	NA	5.62	NA	5.6
InvescoMuOppTr **VMO**	NA	8.14	NA	5.4
InvescoMuTr **VKQ**	NA	8.26	NA	5.5
InvescoQual Inc **IQI**	NA	8.27	NA	5.5
InvTrInvGrMu **VGM**	NA	8.43	NA	5.4
InvescoValMunInc **IIM**	NA	10.30	NA	5.5
MAINSTAY:MK DEFTR MUN OP **MMD**	15.73	15.16	-3.6	5.8
NeubrgrBrm **NBH**	10.90	9.15	-16.1	5.4
Nuveen AMT-Fr Mu Val **NUW**	14.35	13.05	-9.1	3.5
Nuveen AMT-Fr Qlty Mun I **NEA**	11.38	9.58	-15.8	4.6
Nuveen AMT-Fr Mu CI **NVG**	12.06	10.22	-15.3	5.3
Nuveen Dyn Muni Opp **NDMO**	10.00	9.73	-2.7	8.3
Nuveen Mu Crdt Opps **NMCO**	10.50	9.63	-8.3	6.5
Nuv Muni Credit Income **NZF**	12.25	10.35	-15.5	5.1
NuvMuniHiIncOpp **NMZ**	9.75	8.90	-8.7	6.1
Nuveen Muni Val **NUV**	8.78	8.19	-6.7	4.0
Nuveen Quality Muni Inc **NAD**	11.81	10.01	-15.2	4.7
Nuveen Sel TF **NXP**	13.68	13.72	+0.3	4.3
PIMCO MuniInc **PMF**	8.41	8.19	-2.6	6.4
PIMCOMuniIncII **PML**	NA	7.37	NA	6.9
Pimco Muni III **PMX**	7.14	6.33	-11.3	6.7
PioneerHiIncAdv **MAV**	7.95	6.63	-16.6	6.3
PionrMuniHiIncOppty **MIO**	11.34	9.50	-16.2	6.1
PioneerMunHiIcm **MHI**	8.61	7.22	-16.1	6.3
Putnam Mgd Inc **PMM**	5.90	5.15	-12.7	6.1
Putnam Muni Opp **PMO**	10.08	8.78	-12.9	5.7
RiverNorth Flx Mu Inc II **RFMZ**	14.15	12.19	-13.9	8.5
RiverNorth Mgd Dur Mun I **RMM**	14.71	13.23	-10.1	8.0
Western Asset Mgd Muni **MMU**	10.64	8.99	-15.5	4.9
Single State Muni Bond				
BlackRock CA Mun **BFZ**	11.77	10.13	-13.9	4.3
BR MH CA Qly Fd Inc **MUC**	11.28	9.41	-16.6	4.5
BR MH NJ Qly **MUJ**	11.91	10.00	-16.0	4.8
BR MH NY Qly **MHN**	10.78	9.00	-16.5	4.5
BR MuniYld MI Qly **MIY**	11.69	9.75	-16.6	4.5
BR MuniYld NY Qly **MYN**	10.44	8.70	-16.7	4.4
BlackRock NY Mun **BNY**	10.65	8.88	-16.6	4.4
EVCAMuniBd **EVM**	9.43	8.03	-14.8	4.4
Eaton Vance NY Muni Bd **ENX**	9.55	8.15	-14.7	4.3
InvCaValMuIncTr **VCV**	9.90	8.26	-16.6	5.0
InvPAValMuIncTr **VPV**	NA	8.91	NA	4.6
InvTrInvGrNYMu **VTN**	NA	8.91	NA	4.6
Nuveen CA AMT-F Qual MI **NKX**	11.89	9.98	-16.1	5.0
Nuveen CA Val **NCA**	8.78	8.18	-6.8	4.1
NuveenCAQtyMuInc **NAC**	11.44	9.55	-16.5	4.7
NuvNJ Qual Muni Inc **NXJ**	12.41	10.36	-16.5	3.8
Nuveen NY AMT/Fr Qual MI **NRK**	10.76	9.32	-13.4	4.5
Nuveen NY Qual Muni Inc **NAN**	11.25	9.38	-16.6	4.7
Nuveen PA Qual Muni Inc **NQP**	12.00	9.95	-17.1	3.6
Nuveen VA Qlty Mun Inc **NPV**	11.10	9.29	-16.3	4.6
PIMCO CA **PCQ**	9.19	8.24	-10.3	6.2
PIMCOCAMuniII **PCK**	NA	4.95	NA	5.7

Fund (SYM)	NAV	Close	Prem /Disc	52 wk Ttl Ret
General Equity Funds				
Alternative Strategies:I	17.48	NA	NA	-5.5
First Trust Hdg Strat;A	9.99	NA	NA	N
First Trust Hdg Str;I	10.00	NA	NA	N
Specialized Equity Funds				
ARK Venture	21.73	NA	NA	13.0
ArrowMark Financial Corp **BANX**	NA	17.29	NA	NA
CBRE GlbRlEst **IGR**	4.94	4.29	-13.2	-4.9
CIM RA&C A	24.21	NA	NA	-0.7
CIM RA&C C	23.55	NA	NA	-1.6
CIM RA&C I	24.42	NA	NA	-0.4
CIM RA&C L	23.97	NA	NA	-1.0
Clarion Partners REI D	11.94	NA	NA	-0.6
Clarion Partners REI I	11.96	NA	NA	-0.2
Clarion Partners REI S	11.96	NA	NA	-1.1
Clarion Partners REI T	11.93	NA	NA	-1.2
Forum RE Income;I	9.30	NA	NA	NS
GS Real Est Div Inc:A	8.90	NA	NA	-4.2
GS Real Est Div Inc:C	8.89	NA	NA	-4.9
GS Real Est Div Inc:I	9.37	NA	NA	-4.0
GS Real Est Div Inc:L	8.90	NA	NA	-4.5
GS Real Est Div Inc:P	9.37	NA	NA	-4.1
GS Real Est Div Inc:W	9.06	NA	NA	-4.2
NexPointRlEstStrat;A	18.13	NA	NA	-3.5
NexPointRlEstStrat;C	18.35	NA	NA	-4.2
NexPointRlEstStrat;Z	18.36	NA	NA	-3.2
PIMCO Flexible REI;Inst	10.21	NA	NA	NS
PREDEX;I	26.32	NA	NA	-14.9
PREDEX;T	26.46	NA	NA	-15.0
PREDEX;W	26.45	NA	NA	-15.0
Principal Real Asst A	24.37	NA	NA	1.3
Principal Real Asst Ins	24.45	NA	NA	1.6
Principal Real Asst Y	24.68	NA	NA	1.8
Redwood Rl Est;I	25.07	NA	NA	NS
SS Priv Venture & Gr:D	NA	NA	NA	NS
SS Priv Venture & Gr:I	NA	NA	NA	NS
SS Priv Venture & Gr:S	NA	NA	NA	NS
SS Priv Venture & Gr;T	NA	NA	NA	NS
The Private Shares;A	39.32	NA	NA	-4.9
The Private Shares;I	39.93	NA	NA	-4.7
The Private Shares;L	38.73	NA	NA	-5.1
Thirdline Real EstateI	10.08	NA	NA	7.4
USQ Core Real Estate:I	25.62	NA	NA	-12.9
USQ Core Real Estate:IS	25.68	NA	NA	-12.8
Versus Cap MMgr RE Inc:I	26.41	NA	NA	NE
Versus Capital Real Asst	27.14	NA	NA	4.9
Wildermuth:I	9.87	NA	NA	-25.1
Income & Preferred Stock Funds				
Calamos L/S Eqty and DI **CPZ**	17.00	14.42	-15.2	8.6
Carlyle AlpInv Pvt Mkt:I	NA	NA	NA	NS
Constitution Cap Acs A	NA	NA	NA	NS
Constitution Cap Acs D	NA	NA	NA	NS
Flat Rock Opportunity	18.83	NA	NA	13.7
Lord Abbett Spec Sit I:A	9.02	NA	NA	9.8
Lord Abbett Spec Sit I:I	9.02	NA	NA	10.5
Variant Altrntv Inc:Inst	29.19	NA	NA	8.9
Variant Impact;Instl	27.77	NA	NA	11.1
Convertible Sec's. Funds				
Calmos Dyn Conv and Inc **CCD**	18.26	18.36	+0.5	1.9
World Equity Funds				
ACAP Strategic:A	16.57	NA	NA	13.9
ACAP Strategic:W	12.40	NA	NA	14.8
CalamosGlbTotRet **CGO**	9.52	8.68	-8.8	11.8
Cantor Fitzgerald SI:A	9.59	NA	NA	-3.8
Cantor Fitzgerald SI:C	9.53	NA	NA	NS
Cantor Fitzgerald SI:I	9.58	NA	NA	NS
Primark Priv Eq Inv:I	11.42	NA	NA	5.0
Sweater Cashmere	21.13	NA	NA	5.5
Thornburg Inc Bldr Opps **TBLD.O**	16.88	14.55	-13.8	19.4
VirtusTotalRetFd **ZTR**	5.59	4.69	-16.1	-3.8

Fund (SYM)	NAV	Close	Prem /Disc	12 Mo Yld
U.S. Mortgage Bond Funds				
Arca US Treasury	NA	NA	NA	NE
Ellington Inc Opp:A	8.87	NA	NA	NA
Ellington Inc Opp:M	8.74	NA	NA	NA
Loan Participation Funds				
1WS Credit Income;A2	18.47	NA	NA	6.4
1WS Credit Income;Inst	18.78	NA	NA	6.3
Axonic Alternative Inc	NA	NA	NA	8.9
Blackstone FR EI D	21.60	NA	NA	9.2
Blackstone FR EI I	21.57	NA	NA	9.5
Blackstone FR EI T	21.53	NA	NA	9.0
Blackstone FR EI T-I	22.07	NA	NA	9.0
Blackstone FR EI U	22.49	NA	NA	9.0
Bluerock HI Inst Crd:A	NA	NA	NA	7.9
Bluerock HI Inst Crd:C	NA	NA	NA	7.9
Bluerock HI Inst Crd:F	NA	NA	NA	7.9
Bluerock HI Inst Crd:I	NA	NA	NA	7.9
BNYM Alcntr Glb MS Cr Fd	87.83	NA	NA	NA
CliffwaterClFd;I	10.52	NA	NA	9.4
CliffwaterElFd;I	10.70	NA	NA	9.6
CNR Strategic Credit	7.25	NA	NA	21.7
Floating-Rate Opps;I	9.97	NA	NA	NS
Equalize Community Dev	9.24	NA	NA	3.5
FedProj&TrFinanceTendr	9.91	NA	NA	7.4
Flat Rock Core Income	NA	NA	NA	7.1
Flat Rock Enhanced Inc	21.33	NA	NA	NS
InvDYCrOpp:A	NA	NA	NA	9.4
InvDYCrOpp:R6	NA	NA	NA	9.8
InvDYCrOpp:Y	NA	NA	NA	9.6
Invesco Sr Loan A	NA	NA	NA	11.4
Invesco Sr Loan C	NA	NA	NA	10.6
Invesco Sr Loan IB	NA	NA	NA	11.6
Invesco Sr Loan IC	NA	NA	NA	11.5
Invesco Sr Loan Y	NA	NA	NA	11.6
Lord Abbett FR Hi Inc:A	10.11	NA	NA	NS
Lord Abbett FR Hi Inc:I	10.11	NA	NA	NS
Monachil Credit Income:I	10.08	NA	NA	NS
Nomura Alt Inc;I	10.24	NA	NA	NS
OFS Credit Company **OCCI**	NA	6.64	NA	NA
Yieldstreet Prism	NA	NA	NA	8.6
High Yield Bond Funds				
Apollo Diversified Cd:A	NA	NA	NA	8.5
Apollo Diversified Cd:C	NA	NA	NA	8.0
Apollo Diversified Cd:F	NA	NA	NA	11.2
Apollo Diversified Cd:I	NA	NA	NA	8.7
Apollo Diversified Cd:L	NA	NA	NA	8.3
Apollo Diversified Cd:M	NA	NA	NA	8.1
Opprtnstc Crdt Intrvl;I	11.81	NA	NA	10.7
PIMCO Flexible Cr I;A-1	6.64	NA	NA	15.7
PIMCO Flexible Cr I;A-2	6.64	NA	NA	15.7
PIMCO Flexible Cr I;A-3	6.64	NA	NA	15.4
PIMCO Flexible Cr I;A-4	6.64	NA	NA	15.4
PIMCO Flexible Cr I;Inst	6.64	NA	NA	16.2
Other Domestic Taxable Bond Funds				
AFA Private Credit;Fndr	9.44	NA	NA	9.1
AFA Private Credit;Inst	9.47	NA	NA	9.1
Alternative Credit Inc:A	NA	NA	NA	7.1
Alternative Credit Inc:C	NA	NA	NA	6.3
Alternative Credit Inc:I	NA	NA	NA	7.4
Alternative Credit Inc:L	NA	NA	NA	6.9
Alternative Credit Inc:W	NA	NA	NA	7.1
Angel Oak Str Crdt:FI	20.57	NA	NA	8.0
Angel Oak Str Crdt:Inst	20.56	NA	NA	8.6
BR Credit Strat;A	8.66	NA	NA	7.2
BR Credit Strat;Inst	8.64	NA	NA	8.0
BR Credit Strat;U	8.66	NA	NA	7.2
BR Credit Strat;W	8.66	NA	NA	7.2
BlackRock Mlt-Sctr Oppty	65.11	NA	NA	9.2
BlackRock Mlt-Sec Opp II	67.23	NA	NA	9.3
CION Ares Dvsfd Crdt;A	NA	NA	NA	7.4
CION Ares Dvsfd Crdt;C	NA	NA	NA	6.7
CION Ares Dvsfd Crdt;I	NA	NA	NA	7.6
CION Ares Dvsfd Crdt;L	NA	NA	NA	7.1
CION Ares Dvsfd Crdt;U	NA	NA	NA	6.9
CION Ares Dvsfd Crdt:U2	NA	NA	NA	6.9
CION Ares Dvsfd Crdt;W	NA	NA	NA	7.1
CNR Select Strategies	13.43	NA	NA	0.0
First Eagle Crdt Opps A	23.61	NA	NA	10.0
First Eagle Crdt Opps A2	23.57	NA	NA	9.7
First Eagle Crdt Opps I	23.52	NA	NA	10.5
First Trust Private Cr;A	10.29	NA	NA	NS
First Trust Private Cr;I	10.30	NA	NA	6.1
Franklin BSP Pvt Cr:A	10.36	NA	NA	NS
Franklin BSP Pvt Cr:Adv	10.36	NA	NA	NS
FS Credit Income;A	11.62	NA	NA	7.1
FS Credit Income;I	11.66	NA	NA	7.3
FS Credit Income;T	11.65	NA	NA	6.8
FS Credit Income;U	11.61	NA	NA	6.6
FS Credit Income;U-2	11.70	NA	NA	6.8
GL Beyond Income	0.40	NA	NA	NE
KKR CREDIT OPPTY;D	NA	NA	NA	8.2
KKR CREDIT OPPTY;I	NA	NA	NA	8.4
KKR CREDIT OPPTY;T	NA	NA	NA	7.7
KKR CREDIT OPPTY;U	NA	NA	NA	7.7
Palmer Square Opp Inc	17.18	NA	NA	9.0
World Income Funds				
BlueBay Destra Itl E:A	22.88	NA	NA	12.0
BlueBay Destra Itl E:I	22.89	NA	NA	12.2
BlueBay Destra Itl E:L	22.86	NA	NA	11.8
BlueBay Destra Itl E:T	22.76	NA	NA	11.6
Calamos-Aksia ACI:A	10.10	NA	NA	NS
Calamos-Aksia ACI:C	10.10	NA	NA	NS
Calamos-Aksia ACI:I	10.10	NA	NA	NS
Calamos-Aksia ACI:M	10.10	NA	NA	NS
Carlyle Tact Pvt Cred:A	8.43	NA	NA	9.9
Carlyle Tact Pvt Cred:I	8.47	NA	NA	10.4
Carlyle Tact Pvt Cred:L	8.42	NA	NA	9.9
Carlyle Tact Pvt Cred:M	8.47	NA	NA	9.6
Carlyle Tact Pvt Cred:N	8.42	NA	NA	10.4
Carlyle Tact Pvt Cred:U	8.47	NA	NA	9.7
Carlyle Tact Pvt Cred:Y	8.43	NA	NA	10.2
Fid MS Cr;A	9.97	NA	NA	NS
Fid MS Cr;C	9.97	NA	NA	NS
Fid MS Cr;I	9.97	NA	NA	NS
Fid MS Cr;L	9.97	NA	NA	NS
Lord Abbett Cred Opps Fd	8.73	NA	NA	8.5
Lord Abbett Cred Opps Fd	8.73	NA	NA	9.3
Lord Abbett Crd Op:U	8.73	NA	NA	8.5
Oaktree Dvsfd Income;D	8.77	NA	NA	8.9
PIMCO Flexible EM I;Inst	7.59	NA	NA	9.4
National Muni Bond Funds				
Ecofin Tax-Exempt Prv Cr	8.24	NA	NA	4.8
Lind Cap Pt Mun Cred Inc	8.43	NA	NA	4.6
Nuveen En HY Muni Bd:A1	6.70	NA	NA	5.7
Nuveen En HY Muni Bd:A2	6.71	NA	NA	5.9
Nuveen En HY Muni Bd:I	6.70	NA	NA	6.5
PIMCO Flex Mun Inc;A-3	9.32	NA	NA	3.7
PIMCO Flex Mun Inc:A1	9.32	NA	NA	4.0
PIMCO Flex Mun Inc;A2	9.32	NA	NA	4.0
PIMCO Flex Mun Inc;Inst	9.32	NA	NA	4.5
Single State Muni Bond				
PIMCO CA FMI;A-1	9.49	NA	NA	NS
PIMCO CA FMI;Inst	9.49	NA	NA	3.7

Borrowing Benchmarks | wsj.com/market-data/bonds/benchmarks

Money Rates

October 6, 2023

Key annual interest rates paid to borrow or lend money in U.S. and international markets. Rates below are a guide to general levels but don't always represent actual transactions.

Inflation

	Aug. index level	Chg From (%) July '23	Aug. '22
U.S. consumer price index			
All items	**307.026**	0.44	3.7
Core	**310.103**	0.23	4.3

International rates

	Latest	Week ago	52-Week High	52-Week Low
Prime rates				
U.S.	**8.50**	8.50	8.50	6.25
Canada	**7.20**	7.20	7.20	5.45
Japan	**1.475**	1.475	1.475	1.475
Policy Rates				
Euro zone	**4.50**	4.50	4.50	1.25
Switzerland	**2.25**	2.25	2.25	1.00
Britain	**5.25**	5.25	5.25	2.25
Australia	**4.10**	4.10	4.10	2.60
Overnight repurchase				
U.S.	**5.38**	5.35	5.40	3.00

U.S. government rates

	Latest	Week ago	52-Week High	52-Week Low
Discount	**5.50**	5.50	5.50	3.25
Federal funds				
Effective rate	**5.3400**	5.3400	5.3500	3.0800
High	**5.6500**	5.6500	5.6500	3.2500
Low	**5.3100**	5.3300	5.3300	3.0500
Bid	**5.3300**	5.3300	5.3300	3.0700
Offer	**5.3600**	5.3400	5.3700	3.0900
Treasury bill auction				
4 weeks	**5.310**	5.290	5.840	2.920
13 weeks	**5.345**	5.330	5.345	3.340
26 weeks	**5.340**	5.315	5.350	3.850

Secondary market

	Latest	Week ago	52-Week High	52-Week Low
Fannie Mae				
30-year mortgage yields				
30 days	**7.171**	6.927	7.207	5.244
60 days	**7.201**	6.945	7.235	5.250

Other short-term rates

	Latest	Week ago	52-Week high	52-Week low
Call money	**7.25**	7.25	7.25	5.00
Commercial paper (AA financial)				
90 days	**5.52**	n.a.	5.54	3.55
Secured Overnight Financing Rate	**5.32**	5.31	5.33	3.01

	Latest	Value Traded	52-Week High	52-Week Low
DTCC GCF Repo Index				
Treasury	**5.382**	13.150	5.399	3.024
MBS	**5.401**	59.810	5.418	3.068

Notes on data:

U.S. prime rate is the base rate on corporate loans posted by at least 70% of the 10 largest U.S. banks, and is effective July 27, 2023. **Other prime rates** aren't directly comparable; lending practices vary widely by location; **Discount rate** is effective July 27, 2023. **Secured Overnight Financing Rate** is as of October 5, 2023. **DTCC GCF Repo Index** is Depository Trust & Clearing Corp.'s weighted average for overnight trades in applicable CUSIPs. Value traded is in billions of U.S. dollars. **Federal-funds rates** are Tullett Prebon rates as of 5:30 p.m. ET.

Sources: Federal Reserve; Bureau of Labor Statistics; DTCC; FactSet; Tullett Prebon Information, Ltd.

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b1. Paid/Requested Outside-County Mail Subscriptions Stated on Form 3541	70,940	69,095
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d1. Outside-County as Stated on form 3541	7,589	6,057
d2. In-County as Stated on Form 3541	0	0
d3. Other Classes Mailed Through the USPS	0	0
d4. Free Distribution Outside the Mail (Carriers or other means)	55,594	42,051
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g. Copies not Distributed	56,725	53,590
h. Total (Sum of 15g and 15h)	659,887	592,360
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18. I certify that all information furnished by me above is true and complete. September 30, 2023

A Week in the Life of the DJIA

A look at how the Dow Jones Industrial Average component stocks did in the past week and how much each moved the index. The DJIA lost 99.92 points, or 0.30%, on the week. A $1 change in the price of any DJIA stock = 6.59-point change in the average. To date, a $1,000 investment on Dec. 31 in each current DJIA stock component would have returned $30,729, or a gain of 2.43%, on the $30,000 investment, including reinvested dividends.

Pct chg (%)	Stock price change	Point chg in average*	Company	Symbol	Close	$1,000 Invested (year-end '22)
4.09	20.62	135.90	**UnitedHealth Group**	UNH	$524.81	**$1,001**
3.67	6.28	41.39	**Apple**	AAPL	177.49	**1,372**
3.65	11.51	75.86	**Microsoft**	MSFT	327.26	**1,374**
2.33	1.89	12.46	**Walt Disney**	DIS	82.94	**955**
2.26	4.58	30.19	**Salesforce**	CRM	207.36	**1,564**
2.19	5.03	33.15	**Visa**	V	235.04	**1,138**
1.80	0.64	4.22	**Intel**	INTC	36.19	**1,397**
1.56	1.49	9.82	**Nike**	NKE	97.11	**838**
1.23	1.73	11.40	**IBM**	IBM	142.03	**1,047**
1.21	1.89	12.46	**Johnson & Johnson**	JNJ	157.64	**912**
0.90	0.93	6.13	**Merck**	MRK	103.88	**955**
0.09	0.13	0.86	**American Express**	AXP	149.32	**1,026**
0.06	0.08	0.53	**JPMorgan Chase**	JPM	145.10	**1,114**
−0.04	−0.08	−0.53	**Honeywell**	HON	184.66	**876**
−0.22	−0.36	−2.37	**Travelers**	TRV	162.95	**884**
−0.48	−1.29	−8.50	**Amgen**	AMGN	267.47	**1,045**
−0.58	−0.31	−2.04	**Cisco**	CSCO	53.45	**1,156**
−1.21	−1.77	−11.67	**Procter & Gamble**	PG	144.09	**969**
−1.93	−0.43	−2.83	**Walgreens**	WBA	21.81	**611**
−2.20	−3.52	−23.20	**Walmart**	WMT	156.41	**1,116**
−2.24	−4.30	−28.34	**Boeing**	BA	187.38	**984**
−2.48	−1.28	−8.44	**Dow**	DOW	50.28	**1,037**
−2.55	−6.96	−45.87	**Caterpillar**	CAT	266.04	**1,128**
−3.09	−9.34	−61.56	**Home Depot**	HD	292.82	**947**
−3.43	−11.09	−73.09	**Goldman Sachs**	GS	312.48	**931**
−3.79	−6.39	−42.11	**Chevron**	CVX	162.23	**930**
−4.81	−1.56	−10.28	**Verizon**	VZ	30.85	**841**
−5.07	−2.84	−18.72	**Coca-Cola**	KO	53.14	**855**
−5.58	−5.22	−34.40	**3M**	MMM	88.40	**770**
−5.78	−15.22	−100.31	**McDonald's**	MCD	248.22	**957**

*Based on Composite price. DJIA is calculated on primary-market price.
Source: Dow Jones Market Data; FactSet.

Lockup Expirations

Below, companies whose officers and other insiders will become eligible to sell shares in their newly public companies for the first time. Such sales can move the stock's price.

Lockup expiration	Issue date		Symbol	Offer price($)	Offer amt ($ mil.)	Through Friday (%)	Lockup provision
Oct. 9	April 12, '23	Golden Heaven Group	**GDHG**	6.90	9.0	**72.5**	180 days
Oct. 10	April 13, '23	CytoMed Therapeutics	**GDTC**	3.48	10.9	**−13.0**	180 days
Oct. 14	April 17, '23	Top KingWin	**TCJH**	1.09	13.5	**−72.8**	180 days
	April 17, '23	Trio Petroleum	**TPET**	0.54	6.0	**−82.0**	180 days

Sources: Dealogic; Dow Jones Market Data

Insider-Trading Spotlight

Trading by 'insiders' of a corporation, such as a company's CEO, vice president or director, potentially conveys new information about the prospects of a company. Insiders are required to report large trades to the SEC within two business days. Here's a look at the biggest individual trades by insiders, based on data received by Refinitiv on October 6, and year-to-date stock performance of the company

KEY: B: beneficial owner of more than 10% of a security class **CB:** chairman **CEO:** chief executive officer **CFO:** chief financial officer **CO:** chief operating officer **D:** director **DO:** director and beneficial owner **GC:** general counsel **H:** officer, director and beneficial owner **I:** indirect transaction filed through a trust, insider spouse, minor child or other **O:** officer **OD:** officer and director **P:** president **UT:** unknown **VP:** vice president Excludes pure options transactions

Biggest weekly individual trades

Based on reports filed with regulators this past week

Date(s)	Company	Symbol	Insider	Title	No. of shrs in trans (000s)	Price range ($) in transaction	$ Value (000s)	Close ($)	Ytd (%)
Buyers									
Oct. 3-4	**Asana**	**ASAN**	D. Moskovitz	**CEO**	1,015	17.45-17.61	**17,793**	17.07	24.0
Sept. 27-28			D. Moskovitz	**CEO**	664	17.47-18.61	**11,690**		
Oct. 2-4	**MoonLake Immunotherapeutics**	**MLTX**	B. Chen	**BI**	293	57.25-57.37	**16,800**	60.42	475.4
Sept. 28	**Coty**	**COTY**	M. Aramburuzabala	**DI**	500	10.80	**5,400**	10.55	23.2
Oct. 3	**Vaccinex**	**VCNX**	A. Friedberg	**DOI**	3,000	1.00	**3,000**	1.10	-88.6
Oct. 3-4			M. Zauderer	**CEO**	510*	.93-1.00	**510**		
Oct. 2-3	**RE/MAX Holdings**	**RMAX**	A. Peterson	**BI**	216	12.45-12.81	**2,692**	12.08	-35.2
Sept. 29	**MSP Recovery**	**LIFW**	F. Quesada	**H**	6,868	.22	**1,500**	0.18	-88.5
Oct. 2	**Nike**	**NKE**	R. Swan	**D**	13	96.13	**1,257**	97.11	-17.0
Sept. 28-29	**Neumora Therapeutics**	**NMRA**	K. Burow	**DOI**	77	13.06-13.98	**1,047**	12.14	
Sept. 27-29	**Farmland Partners**	**FPI**	P. Pittman	**OD**	100	10.21-10.29	**1,026**	10.32	-17.2
Sept. 27	**Coda Octopus Group**	**CODA**	J. Emerson	**BI**	150	6.03	**904**	6.00	-12.5
Oct. 5	**Overstock.com**	**OSTK**	M. Lemonis	**D**	32	15.67	**498**	17.46	-9.8
Oct. 4			M. Lemonis	**D**	33	14.94	**493**		
Sept. 26-27	**Southwest Gas Holdings**	**SWX**	C. Icahn	**BI**	6	61.98-62.00	**368**	58.47	-5.5
Sept. 28-29	**ARS Pharmaceuticals**	**SPRY**	A. Fitzpatrick	**O**	86	3.62-3.78	**320**	4.27	-49.9
Oct. 3	**Gaia**	**GAIA**	J. Rysavy	**CB**	100	2.70	**270**	2.86	20.2
Oct. 3	**Orchid Island Capital**	**ORC**	R. Cauley	**CEO**	30	7.71-7.91	**236**	7.83	-25.4
Sellers									
Sept. 28	**Xerox Holdings**	**XRX**	C. Icahn	**BI**	34,245	15.84	**542,446**	15.08	3.3
Sept. 28	**Roivant Sciences**	**ROIV**	D. Gold	**DI**	10,000	11.55	**115,500**	10.80	35.2
Sept. 28			K. Manchester	**DI**	6,896	11.55	**79,650**		
Oct. 2-4			E. Venker	**CO**	1,200	10.11-10.80	**12,521**		
Sept. 27			E. Venker	**P**	500	13.02	**6,510**		
Oct. 3	**Apple**	**AAPL**	T. Cook	**CEO**	241	171.42-173.18	**41,498**	177.49	36.6
Oct. 3			D. O'Brien	**O**	66	172.08-172.65	**11,280**		
Oct. 3			K. Adams	**GC**	66	171.62-173.24	**11,278**		
Oct. 2	**Vertex**	**VERX**	J. Westphal	**BI**	1,103	22.32	**24,630**	23.85	64.4
Sept. 29	**Airbnb**	**ABNB**	J. Gebbia	**DOI**	167	136.79-141.05	**23,032**	126.36	47.8
Sept. 28-Oct. 2	**Trade Desk**	**TTD**	J. Green	**CEOI**	225	76.70-79.35	**17,554**	82.15	83.2
Oct. 2	**Palo Alto Networks**	**PANW**	L. Klarich	**O**	45	234.72-238.15	**10,614**	246.69	76.8
Oct. 2			N. Zuk	**CT**	36	234.85-237.58	**8,489**		
Oct. 2-3	**Ares Management**	**ARES**	B. Rosenthal	**ODI**	100	99.43-103.14	**10,200**	108.42	58.4
Oct. 2-3			D. Kaplan	**ODI**	100	99.42-103.16	**10,198**		
Sept. 28-Oct. 2	**FirstCash Holdings**	**FCFS**	D. Rippel	**DOI**	81	100.03-100.78	**8,156**	100.73	15.9
Oct. 2	**Blackstone**	**BX**	J. Baratta	**D**	75	106.88-107.69	**8,003**	105.13	41.7
Oct. 2	**Jabil**	**JBL**	M. Mondello	**OD**	60	127.44-128.14	**7,654**	129.95	90.5

* Half the transactions were indirect **Two day transaction
p - Pink Sheets

Buying and selling by sector

Based on actual transaction dates in reports received this past week

Sector	Buying	Selling	Sector	Buying	Selling
Basic Industries	10,079	2,506,295	**Finance**	6,130,534	46,378,576
Capital Goods	51,945	19,189,272	**Health care**	6,123,963	51,630,873
Consumer durables	0	2,587,239	**Public Utilities**	5,063	6,091
Consumer non-durables	6,708,571	2,341,740	**Technology**	11,106,287	317,507,920
Consumer services	657,576	18,021,723	**Transportation**	0	601,172
Energy	285,129	14,428,710			

Sources: Refinitiv; Dow Jones Market Data

MARKETS

Indian Market Boom Leaves China Trailing

By Frances Yoon

India's stock market is booming, helped by billions of dollars of inflows from international funds and a fast-growing army of small investors.

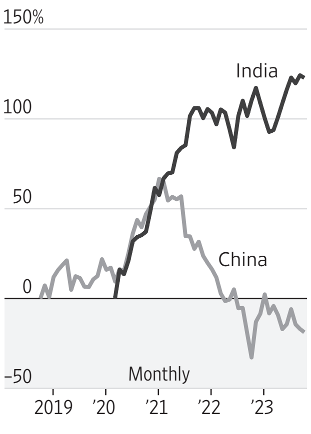
The MSCI India index gained more than 7% this year, pulled higher by a rally in the shares of banks and automakers. The MSCI China index lost almost 11% of its value, while a wider emerging-market index is down 2%.

Foreign investors put $8.3 billion into Indian equity funds between January and August, the highest amount on record for the period, according to data provider EPFR. They started selling their India holdings in September, but the country's stock market still attracted more foreign investment in the third quarter than anywhere else in Asia, according to Goldman Sachs.

"Investors have cut their exposure to Chinese equities to build a large underweight position, and instead rotated into India. Foreign investors' interest in India has been pretty dominant in driving the market," said Prerna Garg, an equity strategist at HSBC.

India's stock market has outperformed China's for the past three years, partly the result of China's strict effort to combat Covid-19, which caused economic pain that the country hasn't fully recovered from. But until this year, foreign investment in Indian stocks has been patchy. Foreign institutional investors reduced their exposure to the market by around $17 billion last year, according to data compiled by Goldman Sachs. By the end of September this year, they were net buyers of more than $15 billion of shares.

Performance of MSCI country indexes, past five years



Source: FactSet

Some investors think stock prices in India have risen too quickly this year. Stocks in the MSCI India index were trading at a forward price-to-earnings ratio of around 20 at the end of August, compared with a ratio below 10 for the stocks in the MSCI China index and around 12 for the wider emerging-markets index. That suggests Indian stocks are expensive.

But investors and analysts think India's booming economy will continue to drive stocks higher, albeit with the occasional blip.

The country's economy grew at an annualized 7.2% in its most recent fiscal year, which ended March 31, making it one of the world's fastest-growing major economies. It is likely to grow 6.3% in the current fiscal year, the World Bank recently projected. China's economic growth will slow to 4.4% in 2024, the World Bank said.

The focus on the economy means investors have favored companies with a clear domestic angle, particularly those likely to benefit from rising consumption. Shares of Indian automaker **Tata Motors** are up 60% this year, while those of motorcycle company **Bajaj Auto** jumped 39%.

China's breakneck growth over the past two decades should give investors a sense of the potential for India, said Shekhar Sambhshivan, an equity portfolio manager at Invesco. India's gross domestic product per capita is around $2,600, around the same level China had in 2007, according to estimates from the International Monetary Fund. China's GDP per capita is now around $13,700.

India's stock market is being helped by growing interest from small investors, who flocked to the market as a result of the bull run since early 2020. Small investors in China became more nervous this year, and many are turning their backs on the stock market.

Indian shares make up around 14% of the MSCI Emerging Markets index, but foreign investors have persistently held less than that level for the past two years, according to data compiled by Pictet Asset Management.

India's rupee has proved more stable against the U.S. dollar this year than many other Asian currencies, which have been hard hit by the rise in Treasury yields and expectations that the Federal Reserve will continue to increase interest rates. This is partly because the rupee performed so poorly last year, losing more than 10% of its value against the dollar, but the country's central bank stepped in to support the currency, according to Nomura.

Funds Increase Lending

Continued from page B1

opaque asset managers," credit-ratings firm Moody's Investors Service said in a September report. "Lack of visibility will make it difficult to see where risk bubbles may be building."

There are risks to investors. High rates are making corporate borrowers more likely to default on the loans. Some managers are concentrating their exposure by making bigger loans backing multibillion-dollar deals.

"The music's been playing and everyone's been having a good time, but now the music is winding down and things are getting harder for businesses and lenders," said Philip Tseng, co-head of U.S. direct lending at BlackRock. "That's going to demonstrate how much experience matters."

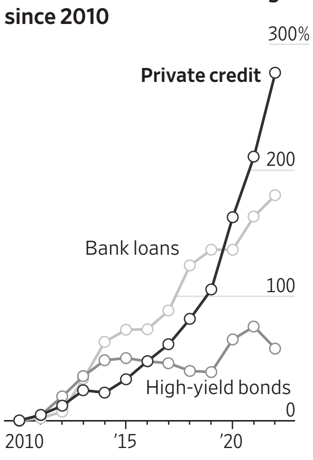
If private lenders keep refinancing debt from large companies that struggle to borrow in the bank market, that could lower the average quality of their investments. About half of the $190 billion of below-investment-grade bank loans coming due in 2024 and 2025 are rated B-minus or below.

Private-credit assets under management globally rose to about $1.5 trillion in 2022 from $726 billion in 2018, according to data provider Preqin.

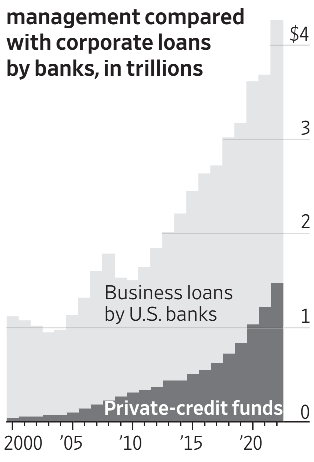
A handful of the fund managers control about $1 trillion combined, according to research by The Wall Street Journal. Some—such as **Apollo Global Management**, **Ares Management**, Blackstone and KKR—started out in private equity and distressed-debt trading and expanded into private lending. Others—such as **Blue Owl Capital**, **HPS Investment Partners** and **Sixth Street Partners**—are relatively new firms set up to provide private capital.

While big funds have gotten bigger, the field of private credit is getting broader, including traditional investment companies and alternative-asset managers. Shoe retailer **Cole Haan** borrowed in recent months from mutual-fund giant BlackRock and hedge-fund manager **Fortress Investment Group** to repay a $290 million loan from JPMorgan Chase.

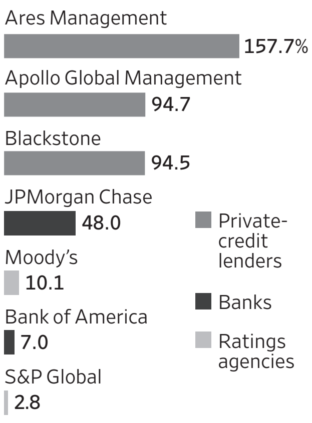
Growth in debt outstanding since 2010



Private-credit assets under management compared with corporate loans by banks, in trillions



Three-year share-price performance



Sources: Barclays (debt outstanding); Preqin (private credit); Federal Reserve (bank loans); FactSet (three-year share-price performance)

"It's kind of nuts that there used to be just three or four of these [lenders] out there and now you can have 30," said Erwin Mock, head of capital markets for **Thoma Bravo**, the private-equity firm that owns Hyland and negotiated its loan.

Companies are using private debt to retire bank debt at unprecedented levels. Financial software maker **Finastra** borrowed $4.8 billion from Blue Owl, **Oak Hill Capital** and others in August to refinance a loan arranged by Morgan Stanley. It was the largest private loan on record.

Asset managers are able to handle these monster loans, the size previously reserved for banks because the firms are tapping deeper pools of capital.

Apollo, KKR and others built, purchased or teamed up with insurers that have hundreds of billions of dollars they need to invest. Much of the insurance money must go into investment-grade debt, so the firms are branching into asset-backed debt that is higher rated than most corporate loans.

Apollo financed an almost $2 billion debt deal in December to music publisher **Concord**. The debt is backed by royalties from songs including works by Daft Punk, Little Richard and Pink Floyd. The firm bought Credit Suisse's asset-backed business.

Others see potential selling to much smaller investors.

"Individual investing in [alternatives] is still in its infancy," said Ares Chief Executive Michael Arougheti. "We believe it is a trillion-dollar end market, and the only question will be how rapidly it grows."

Some fund managers, such as Golub, have grown adept at using collateralized loan obligations, or CLOs, to borrow more money, then lend it out.

Private-credit funds don't require borrowers to get credit ratings, and they guarantee completion of buyout loans. Banks might back out when markets turned rocky. But private-credit loans have tougher covenants, prohibiting borrowers from selling assets or raising new debt to get cash. Private loans charged average interest rates 5 percentage points higher than comparable debt in the bank market over the past 10 years, according to an index operated by Cliffwater.

Private-credit investors may fare better than bank-loan holders in the long term because of their better covenants, Goldman Sachs analysts wrote in a September research report. They are also owned by just a few lenders. That enables private creditors to intervene faster in times of financial stress and to recover more if a borrower defaults, the analysts said.

—Peter Santilli contributed to this article.

Treasury Flood Tests U.S. Market

Continued from page B1

about $1 trillion in the year's third quarter, more than a quarter trillion dollars above previous expectations. Already, more than $1.76 trillion of Treasurys was issued on a net basis through September, higher than in any full year in the past decade, excluding 2020's pandemic surge. Official estimates show that is unlikely to decrease.

Few expect a U.S. default or a Treasury auction to fail—a practically unheard-of occurrence. Much of the benchmark 10-year yield's climb from around 1.5% at the beginning of 2022 has been powered by the Fed's interest-rate increases and expectations that rates could stay high for the foreseeable future. But the latest surge raised worries that the onslaught of new debt could pressure bond prices for years.

About $25 trillion of Treasurys underpins the global banking system and the reserve status of the dollar. Borrowing costs for companies and households fluctuate with benchmark yields. Stocks are valued in part based on how attractive their potential returns are relative to those on Treasurys—meaning, all else being equal, more bonds at higher yields means lower stock prices.

Few on Wall Street expect the torrent to slow soon. The federal deficit is projected to breach $2.85 trillion by 2033, cumulatively totaling $20.2 trillion—6.1% of GDP—from 2024 to 2033, according to the Congressional Budget Office. That is well above the 3.6% annual average for the past 50 years—and those estimates assume interest rates will fall without a recession. Higher Treasury yields make servicing that debt more burdensome.

"This year, the deficit is projected to be $1.5 trillion, or about 5.8% of GDP. We have never seen a deficit like this at a time of full employment," said David Einhorn, cofounder and president of hedge fund Greenlight Capital, at Grant's investment conference this past week. "I think everyone agrees that it's unsustainable. But not everyone agrees when it becomes a problem."

Large buyers including central banks have typically financed deficit spending, which rose during the pandemic as a result of stimulus efforts. But many have pulled back from the Treasury market.

The Fed financed much of the fiscal measures since 2008, but now it is paring its $7.3 trillion balance sheet. The U.S.'s largest foreign creditor, Japan, cut its U.S. bondholdings to their lowest since 2019 this year. Big banks' Treasury purchases are constrained by regulatory requirements.

THE TICKER | MARKET EVENTS COMING THIS WEEK

Monday

U.S. bond market closed for Columbus Day, stock market is open

Tuesday

Short-selling reports
Ratio, days of trading volume of current position, at Sept. 15

NYSE	4.1
Nasdaq	2.6

Wholesale Inventories

July, previous	down 0.2%
August, expected	down 0.1%

Earnings expected
Estimate/Year Ago

Neogen	**0.03**/0.05
PepsiCo	**2.15**/1.97

Wednesday

EIA status report
Previous change in stocks in millions of barrels

Crude oil	down 2.2
Gasoline	up 6.5
Distillates	down 1.3

Mort. bankers indexes

Purch., previous	down 6.0%
Refinan., prev.	down 7.0%

Producer price index

All items, Aug.	up 0.7%
Sept., expected	up 0.3%
Core, Aug.	up 0.2%
Sept., expected	up 0.2%

Thursday

Consumer price index

All items, Aug.	up 3.7%
Sept., expected	up 3.6%
Core, Aug.	up 4.3%
Sept., expected	up 4.1%

EIA report: natural gas
Previous change in stocks in billions of cubic feet

up 86

Initial jobless claims

Previous	207,000
Expected	212,000

Freddie Mac mortgage survey
Previous weekly averages

30-year fixed	7.49%
15-year fixed	6.78%

Earnings expected
Estimate/Year Ago

Commercial Metals	**1.81**/2.45
Delta Air Lines	**1.96**/1.51
Domino's Pizza	**3.31**/2.79
Fastenal	**0.50**/0.50
Walgreens Boots Alliance	**0.69**/0.80

Friday

Import price index

August, previous	up 0.5%
Sept., expected	up 0.6%

U.Mich. consumer index

Sept., final	68.1
Oct., prelim.	67.2

Earnings expected
Estimate/Year Ago

BlackRock	**8.50**/9.55
Citigroup	**1.24**/1.63
JPMorgan Chase	**3.89**/3.12
Progressive Corp.	**1.72**/0.49
UnitedHealth	**6.33**/5.79
Wells Fargo	**1.24**/0.85

* FactSet Estimates earnings-per-share estimates don't include extraordinary items (Losses in parentheses) ◆ Adjusted for stock split

Note: Forecasts are from Dow Jones weekly survey of economists

ANGUS MORDANT/BLOOMBERG NEWS

Delta Air Lines is slated to post quarterly results on Thursday. Analysts expect profit of $1.96 a share.

Cash Prices | wsj.com/market-data/commodities

Friday, October 06, 2023

These prices reflect buying and selling of a variety of actual or "physical" commodities in the marketplace—separate from the futures price on an exchange, which reflects what the commodity might be worth in future months.

	Friday
Energy	
Coal,C.Aplc.,12500Btu,1.2SO2-r,w	72.150
Coal,PwdrRvrBsn,8800Btu,0.8SO2-r,w	14.200
Metals	
Gold, per troy oz	
Engelhard industrial	1817.00
Handy & Harman base	1819.60
Handy & Harman fabricated	2019.76
LBMA Gold Price AM	*1822.75
LBMA Gold Price PM	*1819.45
Krugerrand,wholesale-e	1914.39
Maple Leaf-e	1960.19
American Eagle-e	1960.19
Mexican peso-e	2363.40
Austria crown-e	1798.68
Austria phil-e	1923.55
Silver, troy oz.	
Engelhard industrial	21.1000
Handy & Harman base	21.5810
Handy & Harman fabricated	26.9760
LBMA spot price	*£17.4000
(U.S.$ equivalent)	*21.1300
Coins,wholesale $1,000 face-a	18503
Other metals	
LBMA Platinum Price PM	*864.0
Platinum,Engelhard industrial	863.0
Palladium,Engelhard industrial	1160.0
Aluminum, LME, $ per metric ton	*2195.5
Copper,Comex spot	3.6245
Iron Ore, 62% Fe CFR China-s	*119.5
Steel, HRC USA, FOB Midwest Mill-s	*715.0
Battery/EV metals	
BMI Lithium Carbonate, EXW China, =99.2%-v,w	22950
BMI Lithium Hydroxide, EXW China, =56.5% -v,w	22275
BMI Cobalt sulphate, EXW China, >20.5% -v,m	5069
BMI Nickel Sulphate, EXW China, >22%-v,m	4247
BMI Flake Graphite, FOB China, -100 Mesh, 94-95% -v,m	563
Fibers and Textiles	
Burlap,10-oz,40-inch NY yd-n,w	0.7125
Cotton,1 1/16 std lw-mdMphs-u	0.8489
Cotlook 'A' Index-t	*97.05
Hides,hvy native steers piece fob-u	n.a.
Wool,64s,staple,Terr del-u,w	n.a.
Grains and Feeds	
Bran,wheat middlings, KC-u,w	146
Corn,No. 2 yellow,Cent IL-bp,u	4.5900
Corn gluten feed,Midwest-u,w	159.2
Corn gluten meal,Midwest-u,w	565.3
Cottonseed meal-u,w	350
Hominy feed,Cent IL-u,w	142
Meat-bonemeal,50% pro Mnpls-u,w	443
Oats,No.2 milling,Mnpls-u	4.4875
Rice, Long Grain Milled, No. 2 AR-u,w	35.88
Sorghum,(Milo) No.2 Gulf-u	n.a.
SoybeanMeal,Cent IL,rail,ton48%-u,w	378.35
Soybeans,No.1 yllw IL-bp,u	12.2500
Wheat,Spring14%-pro Mnpls-u	8.7050
Wheat,No.2 soft red,St.Louis-u	5.4175
Wheat - Hard - KC (USDA) $ per bu-u	7.0675
Wheat,No.1soft white,Portld,OR-u	6.9750
Food	
Beef,carcass equiv. index	
choice 1-3,600-900 lbs.-u	282.99
select 1-3,600-900 lbs.-u	282.99
Broilers, National comp wtd. avg.-u,w	1.1391
Butter,AA Chicago-d	3.5025
Cheddar cheese,bbl,Chicago-d	157.75
Cheddar cheese,blk,Chicago-d	170.25
Milk,Nonfat dry,Chicago lb.-d	118.00
Coffee,Brazilian,Comp-y	1.4808
Coffee,Colombian, NY-y	1.7882
Eggs,large white,Chicago-u	1.1650
Flour,hard winter KC-p	17.55
Hams,17-20 lbs,Mid-US fob-u	0.91
Hogs,Iowa-So. Minnesota-u	81.45
Pork bellies,12-14 lb MidUS-u	1.6500
Pork loins,13-19 lb MidUS-u	1.1210
Steers,Tex.-Okla. Choice-u	182.21
Steers,feeder,Okla. City-u,w	272.75
Fats and Oils	
Degummed corn oil, crude wtd. avg.-u,w	n.a.
Grease,choice white,Chicago-h	0.6300
Lard,Chicago-u	n.a.
Soybean oil,crude;Centl IL-u,w	0.5785
Tallow,bleach;Chicago-h	0.6600
Tallow,edible,Chicago-u	n.a.

KEY TO CODES: A=ask; B=bid; BP=country elevator bids to producers; C=corrected; D=CME; E=Manfra,Tordella & Brookes; H=American Commodities Brokerage Co; K=bi-weekly; M=monthly; N=nominal; n.a.=not quoted or not available; P=Sosland Publishing; R=SNL Energy; S=Platts-TSI; T=Cotlook Limited; U=USDA; V=Benchmark Mineral Intelligence; W=weekly; Y=International Coffee Organization; Z=not quoted. *Data as of 10/5

Source: Dow Jones Market Data

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

Birkenstock IPO To Test Its Image

Price implies it is closer to Nike than Crocs

MICHAEL PROBST/ASSOCIATED PRESS

Baby boomers, millennials and Gen X contribute about 30% of sales, respectively.

Hang on to your socks and sandals: **Birkenstock** is about to float on the New York Stock Exchange.

To get the high price the brand's private-equity owner thinks it deserves, investors will have to accept that the German-made orthopedic sandals are like sporty **Nike** or **Lululemon**, and definitely not like **Crocs**.

Business is booming for Birkenstock. The company is benefiting from a trend for casual fashion that took hold during the pandemic, although sales have been rising for years.

Birkenstock is a rare brand that young consumers don't seem to mind sharing with their parents, or even their grandparents. Baby boomers, millennials and Gen X all contribute roughly 30% of sales, respectively. Revenue rose by almost one-third in the company's most recent fiscal year, although a decent slug of growth came from sharp price increases.

Strip out the price rises and underlying demand may be slowing, though. Birkenstock sold 5% more shoes over a nine-month period through June—less than half the rate of growth the brand logged during the pandemic.

Still, Birkenstock says a "rejection of formal dress culture"—along with "modern feminism"—is prompting more women to ditch high heels in favor of flats, should continue to drive demand. The brand does most of its business in the U.S. and Europe, but hopes the next leg of growth can come from Asia. This will require investment and is one of the reasons why the brand is going public.

The listing, expected to go live on Wednesday, will be a big test for the shaky market for initial public offerings. Shares of **Arm Holdings**, the British chip designer that made its debut in the middle of September, are flat after a short-lived jump above the company's listing price. Online grocery-delivery company Instacart went public around the same time and has flopped.

That hasn't stopped Birkenstock's owners **L Catterton**, the private-equity arm partly owned by French luxury giant **LVMH Moët Hennessy Louis Vuitton**, from pushing for a valuation of as much as $10.8 billion including debt. That would be at the high end of the footwear brand's IPO price range of $44 to $49 a share disclosed last Monday.

To give Birkenstock a more luxurious sheen, the billionaire founder of LVMH, Bernard Arnault, said he may raise his stake in the brand. And his son Alexandre will join the shoe brand's board. Since buying Birkenstock 2½ years ago, L Catterton has worked hard to make it posh, launching two collaborations with LVMH-owned Christian Dior.

If the plan works, L Catterton stands to more than double its money in a little over two years. The firm paid $4.8 billion including debt for Birkenstock in April 2021, equivalent to 13.7 times the brand's expected earnings before interest, taxes, depreciation and amortization. Bankers pitching the IPO are asking investors to stump up 20 times.

Their rationale is that the sandal maker should be valued in line with Nike and Lululemon. These high-end athleisure stocks aren't as highly rated as they were during the pandemic craze for activewear, but the comparison is still a flattering one: They trade at even higher multiples than LVMH.

A more intuitive peer group for frumpy Birkenstock might comprise Crocs and **Dr. Martens**. The latter has lost almost three-quarters of its value since listing in early 2021.

But Crocs has been one of the top consumer stocks to own over the past five years, handily beating the shareholder returns of both Nike and Lululemon, as well as LVMH. The wrinkle is that Crocs' stock trades at less than half the valuation multiple that Birkenstock is targeting.

Crocs and Birkenstock are both quirky shoe brands linked in shoppers' minds by their focus on comfort. Persuading investors to think differently will require some very nimble footwork.

—Carol Ryan

Strong Job Market Isn't Certain to Last

The U.S. job market has been remarkably strong. That doesn't mean Federal Reserve policy makers can be complacent about its ability to stay that way.

The Labor Department on Friday reported the U.S. added a seasonally adjusted 336,000 jobs in September from the previous month—better than August's upwardly revised gain of 227,000 and the biggest increase since January. The unemployment rate stayed at a low 3.8%.

Average hourly earnings were up 4.2% from a year earlier. That was the slimmest gain since June 2021, but with economists estimating consumer prices were up 3.6% on the year in September, wages also look to have easily outpaced inflation.

Futures markets imply that the central bank will probably keep policy on hold for the remainder of the year, but the chances of one last quarter-point increase went up following Friday's report.

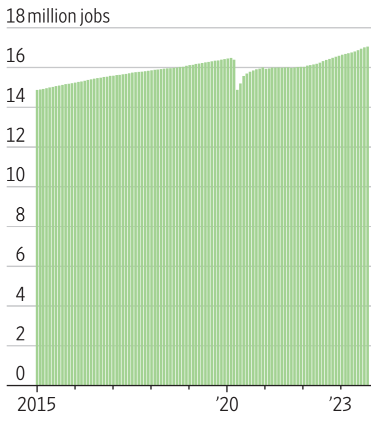
The bigger issue is that even if inflation continues to cool, a strong job market will give the Fed less reason to cut rates next year. This high-for-longer scenario naturally makes for higher long-term interest rates. Treasurys fell Friday, pushing yields higher.

The job gains seem primed to keep coming. Layoff activity has been muted, with weekly jobless claims—historically an early-warning signal for trouble in the labor market—remaining quite low.

Job openings and the frequency at which people have been quitting their jobs have both declined over the past year, but point to an environment in which many employers are struggling to fill jobs, and competing for workers as a result.

Moreover, even though there are now 4.5 million more jobs in the U.S. than before the pandemic hit, some businesses still appear short-staffed. The healthcare sector, notably, added 40,900 jobs last month, but relative to the trend that was in place from 2015 to 2019, it has about 660,000 fewer jobs than one would expect.

Healthcare employment



Note: Seasonally adjusted
Source: Labor Department via St. Louis Fed

Still, the economy is facing significant headwinds in the fourth quarter, not least of which is the sharp increase in long-term interest rates.

The 10-year Treasury yield rose to 4.78% on Friday, putting it near its highest level, reached on Tuesday, since August 2007. The average 30-year mortgage rate among lenders surveyed by Freddie Mac over the week ended Wednesday was 7.5%. The last time mortgage rates were that high was December 2000.

The labor market has historically been a lagging economic indicator that can go from good to bad in a short time. That hardly counts as a reason for the Fed to cut rates.

But with the central bank looking as if it is finally winning its war against inflation, it needs to be careful not to make America's jobs engine start sputtering.

—Justin Lahart

JOURNAL REPORT

INVESTING MONTHLY

MUTUAL FUNDS & ETFS
QUARTERLY DATA
R4, R6

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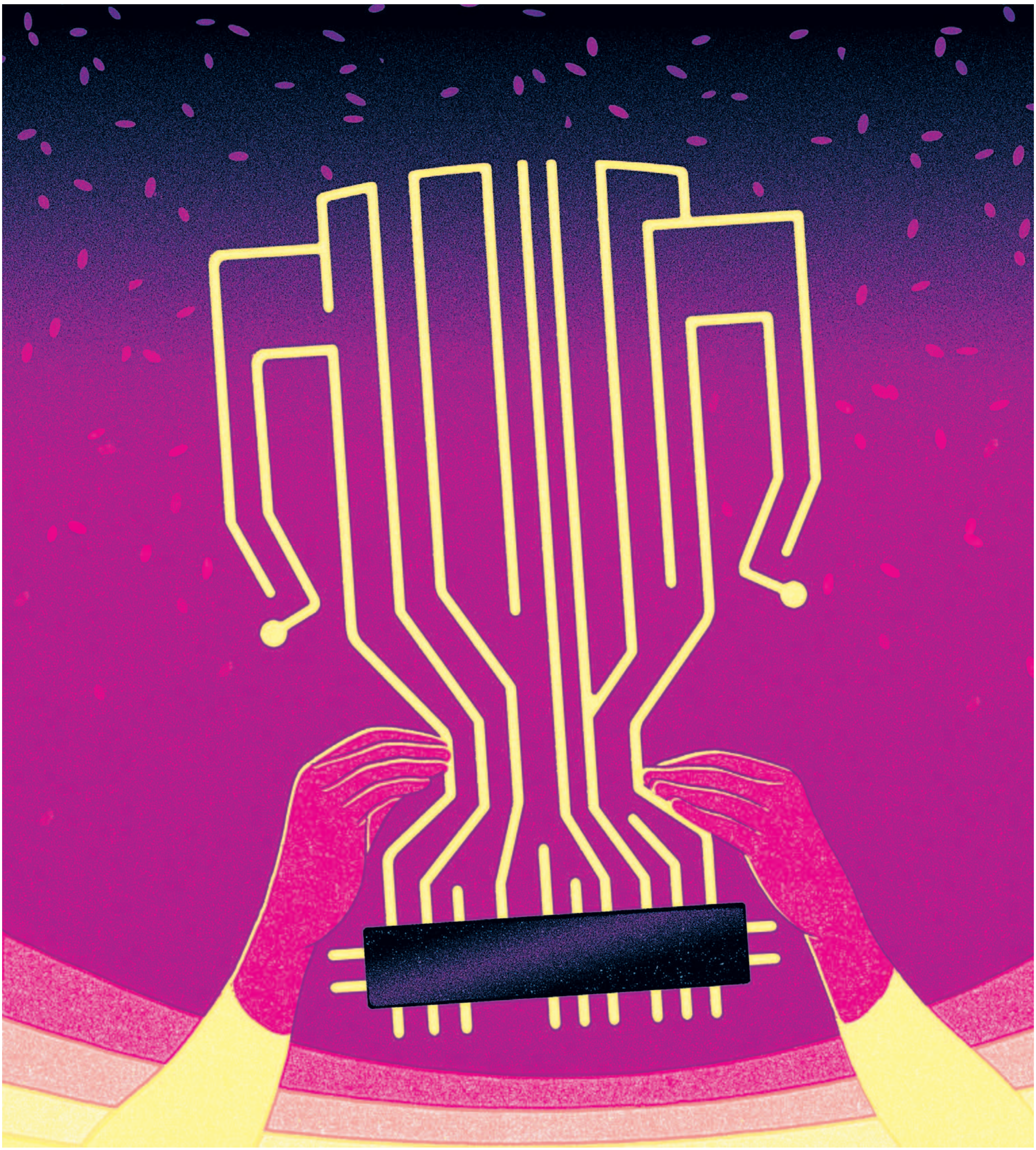
THE WALL STREET JOURNAL.

Monday, October 9, 2023 | **R1**



ALEX NABAUM

WINNERS' CIRCLE

The Stock in 9 of the Top 10 Funds: Nvidia

Shares of the chip maker were big holdings of the large-cap growth funds that led gainers over the past 12 months. Bargain hunting among other former highfliers like Shopify and Netflix also helped.

BY SUZANNE MCGEE

TO LAND ATOP the list of outperforming stock mutual-fund managers in the 12 months that wrapped up at the end of September, you had to be a *big* fan of growth stocks.

In fact, a manager's chance of beating peers was given a massive boost if he or she gravitated to large-cap stocks. And the single biggest factor in success seems to boil down to a crucial decision: whether to make chip maker **Nvidia** one of the top holdings.

That's the case for the growth investing team at Loomis Sayles, responsible for overseeing three of the five top-performing stock funds in the most recent Wall Street Journal rankings. Those three funds had stakes in Nvidia that ranged from 6.88% in fourth-

Please turn to page R2

Lesson Plan: Here's What to Know About College Loans for the 2024-25 School Year

Parents and students should ask these six questions before borrowing money for college

BY CHERYL WINOKUR MUNK

IF YOU'RE THINKING about a college loan for next fall, it's time to start looking at your options.

Factors for students and their families to consider include who is taking the loan—parent, student, or both—the type of loan, amount and interest rate, which could be considerably higher than in recent years. Repayment plans are another consideration, including a new repayment option for federal student loans announced earlier this year by President Biden.

Also, remember that the Free Application for Federal Student Aid, commonly known as Fafsa, for the 2024-25 academic year won't be available until December, two months later than usual.

As always, families need to take their overall debt picture into account. A recent survey by New York Life found that 78% of adults with student loans say their student debt is getting in the way of their long-term goals, and 75% say they would have done something differently to avoid taking out student loans.

Here's what people consid-

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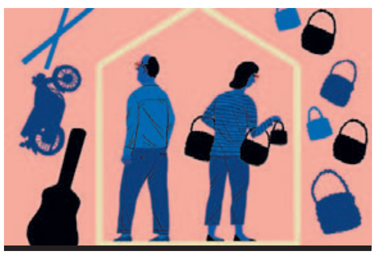
Inside

HEDGE ROW

Bitcoin is a good inflation hedge, says a cryptocurrency champion. No, it's not, says an Ivy League professor of trade policy. Here are the arguments for both sides. **R5**

RETIREMENT ROOKIES

Still healthy and energetic, our columnists start to downsize—their possessions and their ambitions. **R6**



SCOREBOARD

Third-quarter 2023 fund performance, total return by fund type. More on R2.

U.S. stocks*	Intl. stocks*	Bonds (intmd.)
▼ –3.9%	▼ –5.1%	▼ –2.9%

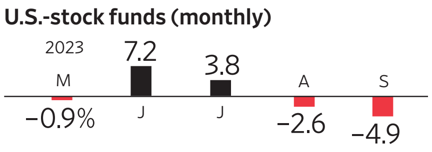
*Diversified funds only, excluding sector and regional/country funds

Source: Refinitiv Lipper

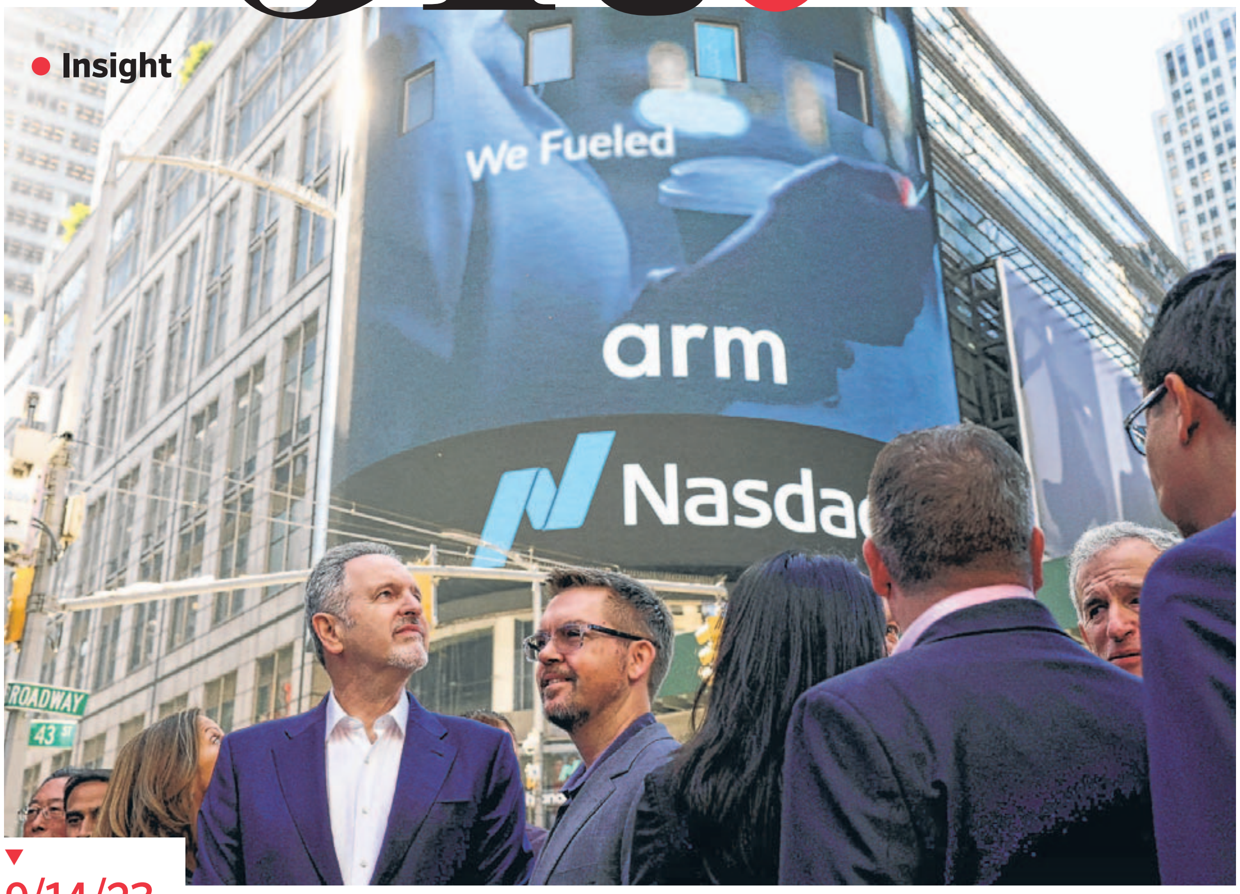
Scan this code to learn how home buyers can assume the seller's better mortgage rate.

JOURNAL REPORT | INVESTING MONTHLY

A Journal Report special look at the **numbers** and **news** about this month's investing



● **Insight**



9/14/23 Arm CEO Rene Haas, left, and other executives gather outside the Nasdaq on IPO day.

25% Arm's first-day pop on Sept. 14, as shares of the chip company closed at $63.59 in the year's biggest initial public offering.

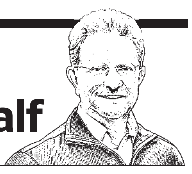
36% Climb in the PHLX Semiconductor Index this year through Sept. 29 as chip firms have surged amid a boom in artificial intelligence built upon their products.

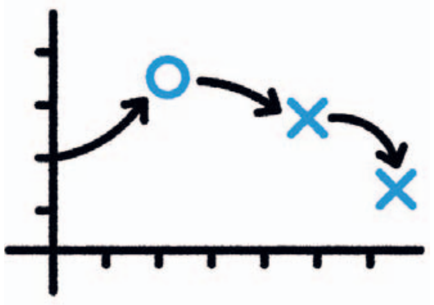
Shot In the Arm

The IPO market got a boost midmonth after a nearly two-year drought, when shares of British chip designer Arm Holdings leapt and closed their first day with a nearly $69 billion market cap. Arm's debut also was a win for SoftBank Group, the Japanese tech conglomerate that bought the chip company for $32 billion in 2016.

Quarterly Monitor • William Power

Stock Funds Trudge Into Second Half





If this were football, you might say the stock market came out of the locker room for the second half with a bad game plan.

After a robust first half for the market, and for fund investors, everything seemed to be a grind in the third quarter. Yields on longer-term government bonds rose, pulling down some of the highflying technology stocks that were powering the stock market. And now, investors are concerned that the Federal Reserve might keep interest rates higher than expected.

The average U.S.-stock fund fell 3.9% for the third quarter, according to Refinitiv Lipper data, to trim the year-to-date gain to 8.0%.

International-stock funds fell 5.1% in the quarter, to trim their year-to-date gain to 5.7%.

Bond funds also fell in the quarter. Funds focused on investment-grade debt (the most common type of fixed-income fund) fell an average of 2.9%, to push them into the red so far this year, at minus 0.8%.

Wary investors pulled a net $32.1 billion from U.S.-stock mutual funds and exchange-traded funds during the quarter, based on Investment Company Institute estimates. Investors pulled a net $3.9 billion from international-stock funds but put $35 billion into bond funds.

Friday's jobs report "really surprised to the upside," says Chris Zaccarelli, chief investment officer for Independent Advisor Alliance in Charlotte, N.C., "and that is going to put additional pressure on the Fed to raise rates again when they meet at the end of the month and announce the results of their deliberations on Nov. 1."

William Power is deputy section editor of Journal Reports in South Brunswick, N.J. Email him at william.power@wsj.com.

FOLLOW THE MONEY

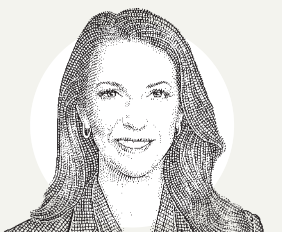
Third-quarter 2023 flow of investor cash by fund type, in billions*

U.S. stocks	Intl. stocks	Bonds
▼	▼	▲
–$32.1	–$3.9	$35.0

*estimated mutual-fund/ETF flows through 9/27
Source: Investment Company Institute

'If you think about the tremendous outperformance of the Big Seven [Apple, Amazon, Microsoft, Meta, Alphabet, Nvidia, Tesla] in the first half, it is just mathematically, extraordinarily unlikely that we see that happen again. Even if those names don't go down, some of the leadership has to change.'

Kara Murphy
Chief investment officer, Kestra Investment Mgmt.



● **Financial Flashback**

A look back at Wall Street Journal headlines from this month in history

40 YEARS AGO ▶

One way or another, until the 1980s, most Americans got their phone service from **AT&T**, which dates to 1877 under the name of Bell Telephone.

"It was a monopoly," David Ranson, research director at financial analytics firm HCWE, says of AT&T. Monopolies tend to be less efficient than companies that compete, he says.

But by the 1970s, the government recognized that market dominance wasn't healthy. It demanded AT&T sell off its 22 regional service providers, which were reorganized into seven so-called Baby Bells. That asset-shedding process began in October 1983. One of the "babies," Southwestern Bell, eventually became what is today's AT&T.

Ma Bell's Orphans

Regional Phone Firms Vie for Investor Dollars As Big Breakup Nears

Leaders Stage Road Shows; Companies Also Compete For Talent and Business

Is BellSouth Overconfident?

By Monica Langley

The Wall Street Journal, Oct. 19, 1983

In some ways, it didn't go according to plan. "AT&T is now larger than it was before the breakup," says Peter C. Earle, an economist at the American Institute for Economic Research. Recently, AT&T had a market cap of around $109 billion, ranking it in the top quintile of U.S.-listed firms.

Effectively, AT&T rebuilt itself as the market landscape shifted, Earle says. The then-radical new technologies, including cellphones and cable TV, boosted growth in new parts of the market. Capital markets became wider and deeper, allowing AT&T to fund its re-expansion. And definitions of what counted as a monopoly changed.

"A delay of that breakup would likely have undermined claims of monopoly," Earle says.

—*Simon Constable*

25 YEARS AGO ▼

Greenspan Defends Long-Term Capital Plan

10 YEARS AGO ▼

Twitter Reveals $1 Billion IPO

Top Fund Rose 41%

Continued from page R1

ranked **Victory Growth** (USAAX) to 7.88% in both this quarter's top-performing fund, **Loomis Sayles Growth** (LSGRX), and third-ranked **Nationwide Loomis All Cap Growth** (NWZMX).

Loomis Sayles Growth won by beating its nearest rivals by more than 6 percentage points, wrapping up the 12 months with a gain of 41%. Rounding out the top five were second place **Fidelity Blue Chip Growth K6** (FBCGX) and fifth-ranked **Virtus Silvant Large-Cap Growth** (STCIX).

Aziz Hamzaogullari, the chief investment officer and founder of growth-equity strategies for Loomis Sayles, says a key part of his approach is the attention paid to valuation. In the case of Nvidia, his team bought the stock in 2019 after it was buffeted by a 40% selloff.

"We took advantage of that price dip," he says. "We want to buy high-quality businesses that can generate growth over a long time frame and that are difficult to disrupt even if challengers possess time and capital. And we want to be buyers when they trade at a significant discount."

That means that the fund is well-positioned to outperform in periods when growth returns to favor, Hamzaogullari says, and that's the climate in which he and other growth-stock investors still are celebrating.

Not all stock-fund managers are participating in the party. According to Morningstar Direct, the 1,236 funds that met the criteria for inclusion in this quarterly survey lagged behind the S&P 500 and generated an average return of only 16.2%. (To be considered for the Winners' Circle, a mutual fund must be actively managed and have a minimum of $50 million in assets. Excluded are leveraged funds, sector funds and most quantitative funds.)

While the inclusion of Nvidia separated the top-performing funds from the pack, the differentiator among the large-cap growth funds in the top 10 was how many other growth stocks they bought during the market selloff of 2022 and what other growth stocks they owned and the weight in each portfolio.

In Hamzaogullari's case, bargain hunting among former highfliers paid off. While the Loomis Sayles funds typically have minimal changes in holdings, 2022 was unusual in that he added three beaten-down growth stock darlings to portfolios: **Shopify**, **Netflix** and **Tesla**.

Over the past 12 months, Netflix has climbed 60% and Shopify rebounded 94%. (Only Tesla has failed to rally.) While Hamzaogullari had been watching Netflix's business grow and diversify in interesting ways for about a decade, his valuation discipline meant that it wasn't until last year that he was prepared to own it.

That same emphasis on valuation did prompt him to add what he admits some may find an unusual growth stock to Loomis Sayles portfolios in early 2020: **Boeing**. In the midst of the pandemic, air travel receded, but that created a rare chance to snap up shares cheaply in one of only two major commercial aircraft makers.

Keeping Hamzaogullari company atop this quarter's Winners' Circle list was Sonu Kalra, manager of Fidelity Blue Chip Growth K6. That fund also had an outsize position in Nvidia (10%, according to Morningstar Direct) and owned many of the same stocks that dominated Hamzaogullari's list, such as Netflix and Facebook parent **Meta Platforms**.

Still, he views his role as not just picking stocks but also managing risk. That means being aware of the reasons that growth stocks have churned out healthy returns this year as well as the storm clouds on the horizon. "It's hard to say that this turbocharged environment will continue," Kalra says.

Another outperforming manager in this quarter's list takes an even more wary view of what may lie

From top: Aziz Hamzaogullari, Sonu Kalra and Alex Umansky took different approaches to the Winners' Circle.

ahead for growth stocks. Alex Umansky, manager of the seventh-ranked **Baron Durable Advantage Fund** (BDAIX) runs what he describes as a "lower growth" fund among the array of high-growth funds that make up Baron Capital Investment's product lineup.

Umansky, too, is a devotee of valuation: Many companies that might meet his growth and stability criteria still fail to qualify for his portfolio because they trade at what he views as unrealistically high levels. So, while the fund does own Nvidia, Umansky was a latecomer, not buying until it traded near last year's lows. "And once it had gained 200%, we sold some of it," he says.

In a still-uncertain investment climate, that kind of cautious but dogged pursuit of growth seems to characterize all of this quarter's winners. "We only want to own companies that won't cause any permanent loss of capital," Umansky says. "We want brands that have wide competitive moats, that generate free cash flow. Those are the growth companies that should do well in whatever kind of environment."

Suzanne McGee is a writer in New England. She can be reached at reports@wsj.com.

Winners' Circle

Best 12-month total return through Oct. 1, 2023, actively managed U.S.-stock funds

1. **Loomis Sayles Growth (LSGRX) 41.0%**
2. **Fidelity Blue Chip Growth K6 (FBCGX) 34.6%**
3. **Nationwide Loomis All Cap Growth (NWZMX) 34.6%**
4. **Victory Growth (USAAX) 34.2%**
5. **Virtus Silvant Large-Cap Growth (STCIX) 34.0%**

The Wall Street Journal, from Morningstar Direct data

CLOCKWISE FROM TOP RIGHT: FROM TOP: LOOMIS SAYLES; FIDELITY INVESTMENTS; BARON CAPITAL; BRENDAN MCDERMID/REUTERS; MONITOR: GIACOMO BAGNARA

ALEX NABAUM

Tax Moves to Make Now Before 2017 Cuts Expire

The cuts are due to phase out at the end of 2025. It's time for retirees and near retirees to start planning.

BY BAILEY MCCANN

THE TAX-overhaul law signed by President Trump in 2017 brought sweeping changes. Among other things, it lowered individual income-tax rates, almost doubled the standard deduction and raised the estate-tax exemption.

Many of the law's provisions are set to expire at the end of 2025, so if Congress doesn't extend them, changes could be coming. With that in mind, it might be a good idea for retirees and near-retirees to take a look at their tax strategies now to avoid any surprises in the future.

Here's what financial advisers suggest.

Income taxes

Barring action from Congress, income-tax brackets will revert to their higher pre-2017 levels when the tax law expires in 2025. This will have an impact on most taxpayers. However, people near retirement, who may be at their peak earnings level, could see the biggest income-tax bump as the top rate will go from 37% to 39.6%. People in this position who are planning to convert a portion of their retirement savings to a Roth IRA might want to do it now, advisers say. They will get a one-time lump-sum tax bill on the total amount of the conversion, but it will be at a lower rate than if they wait and convert in 2026 and beyond.

Roth conversions come with a five-year waiting period before earnings can be withdrawn tax-free. As such, advisers say retirees should make sure to have enough money set aside to cover that period if necessary.

Estate taxes

According to current IRS rules, married couples can transfer a total of $25.84 million and individuals up to $12.92 million to beneficiaries without triggering federal estate taxes. Any amount over that limit could be subject to federal estate taxes, which can range from 18% to 40%. If the tax law expires, the size of that exemption will be cut roughly in half. That means a taxable estate worth more than about $7 million for an individual or $13 million for a couple could be subject to federal estate taxes if people don't plan ahead.

Those might seem like lofty figures, but Kevin O'Regan, senior wealth adviser at Kayne Anderson Rudnick, says many of his clients are surprised to learn that they could be exposed to these taxes if the exemptions revert to pre-2017 levels.

"We're reminding our clients that they have to consider their total assets—not just what is in an investment account," he says. "Once you factor in the appreciation of, say, a primary residence, as well as the growth of an investment account over time, the impact of estate taxes could be significant."

O'Regan says that if an individual or couple hasn't used up the exemption yet, creating a trust is one way to transfer assets that might be subject to taxes after 2025. There are a variety of trust structures that can be used, depending on the needs of an individual, couple or family. A spousal trust, for example, provides for a surviving spouse without the survivor having to pay federal estate taxes. A couple also may decide to put a portion of their estate in a trust for their children, allowing it to grow over time without being subject to federal estate taxes.

For individuals or couples who have an estate in the $7 million to $13 million range, it's important to strike a balance, says O'Regan. "We work with folks on thinking through what they realistically need for retirement and then what they want to set aside for a beneficiary," he says.

Gifts

People can shrink the size of their taxable estates by giving away money and assets while they are still alive. Such gifts could include transfers to a "529" education-savings plan.

Currently, individuals can give any number of beneficiaries up to $17,000 each annually (it's $34,000 for married couples) without triggering gift taxes or having it count toward their overall transfer exemption.

The 2017 tax law includes a special break for 529s that might be worth considering. It allows people to front-load five years' worth of cash gifts—up to $85,000 per beneficiary this year for individuals and up to $170,000 for couples—into a single contribution. Maxing out 529 gifts now allows people to shrink the size of their taxable estates, and results in a 529 plan that is larger and grows tax-free longer.

People also can give away assets such as property. However, Sophia Duffy, associate professor of business planning at the American College of Financial Services, says to be strategic when doing so. Such assets have what is called a "carry-over basis," meaning the recipients' basis in the asset is the same as the donor's basis. By comparison, when an asset is inherited, the basis is adjusted to fair market value. This means when recipients go to sell the asset, there usually will be a bigger taxable capital gain if they received the property as a gift.

Charitable giving

The tax law increased the annual deduction limit for cash contributions to public charities to 60% of adjusted gross income from 50%. The limit will go back to 50% in 2026. So for those considering a significant cash donation to charity, doing it now will result in a bigger tax deduction.

Bailey McCann is a writer in New York. She can be reached at ***reports@wsj.com.***

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College Loans

Continued from page R1

ering loans need to ask themselves for the next school year:

How much can I afford to borrow?

Parents and students should first estimate the cost of each college they are looking at and the amounts that would have to be borrowed given the family's financial situation. Net price calculators—generally available on a college's website—can give prospective students a sense of what they might pay, after taking grants and scholarship aid into account.

Federal Student Aid, which is part of the Education Department, offers a loan-simulator tool to help students explore the impact of borrowing. Other online calculators can also be used to determine likely monthly loan payments based on factors such as loan amount, interest rate and repayment time frame. Credible, an online marketplace for loans, also offers an online calculator to help families make informed borrowing decisions.

It is generally advisable to keep monthly payments to less than 10% of the borrower's income, says student-loan specialist Mark Kantrowitz. Students can make an educated guess about their earnings potential by using an online tool such as Salary.com or Glassdoor.

Who is taking out the loan?

Some parents want their children to have skin in the game, and there can be advantages to students taking loans themselves, including the opportunity to build credit. Depending on the type of loan, students may need a co-signer, which has its own risks. But even if loans are in a student's name, parents who are financially able could decide to pay them off.

Parents who wish to borrow to fund their children's education need to consider what the impact could be on their retirement. "The best approach never puts retirement on the back-burner," says Doug Ornstein, senior manager of integrated solutions in the Charlotte, N.C., office of New York-based TIAA Wealth Management.

Why would I want a federal loan?

Federal student loans can have several advantages, including lower interest rates than some other options, particularly when the borrower doesn't have stellar credit. The interest rate for undergraduate borrowers is 5.50% for loans disbursed between July 1, 2023, and June 30, 2024. There are several repayment options as well, and the potential for loan forgiveness.

The federal government offers direct subsidized loans—for students with financial need—and direct unsubsidized loans, which are broadly available. With a subsidized loan, the government pays the interest while students are in school at least half-time, during a six-month period after they leave school and during deferment periods.

How much students can borrow depends on their year in school and whether they meet the definition of a dependent or independent student. A dependent first-year student, for instance, could be eligible for up to $5,500 in direct loans for the first year of school, up to $6,500 the second year and up to $7,500 a year for the remaining time as an undergraduate. The federal government allows only a portion of the yearly loan amount to be subsidized, since it is footing the interest bill during applicable periods. There is a loan fee of 1.057% on all direct subsidized and unsubsidized loans disbursed on or after Oct. 1, 2020.

When larger loans are being sought, another federal product, a Parent Plus loan, is generally available to parents who don't have an adverse credit history. These types of loans can cover the cost of attendance minus any other financial assistance your child receives. Plus loans first disbursed between July 1, 2023, and June 30, 2024, carry an interest rate of 8.05%. There is also a loan fee of 4.228% for all Plus loans disbursed on or after Oct. 1, 2020.

Why would I want a private loan?

Private loans—from a bank, credit union or other nonfederal entity—generally don't carry many of the same protections that federal loans do, like loan forgiveness options. But people with good credit may be able to obtain private loans for lower rates than federal loans offer. Borrowers can compare options using online marketplaces such as Credible, LendKey and Sparrow. Students can go to foryounotforprofit.org, from the Education Finance Council, a grouping of nonprofit and state-based organizations, to find state-based private loan options that may be more affordable than some other private loans. There may be different loan options for students or parents, depending on the loan provider. Families should consider factors such as interest rate, repayment terms and other conditions before taking out these loans.

What are the repayment options?

When repayment begins depends on the loan. With federal direct loans, for instance, there's a six-month grace period after a student graduates, drops below half-time enrollment or leaves school.

The standard repayment plan for federal loans is 10 years. But there are also plans that allow borrowers to repay based on their income and family size; the amount could change yearly based on a required recertification process. There is also a new plan dubbed SAVE that is considered the most generous of federal plans. Under the SAVE Plan, a single borrower who makes $32,800 a year or less won't have to make any payments, and borrowers earning above that amount would save more than $1,000 a year on their payments compared with other federal income-driven repayment plans. The SAVE Plan also ensures that borrowers never see their balance grow due to unpaid interest as long as they keep up with their monthly payments.

For federal loans, families can use the government's loan-simulator tool to find the best repayment strategy or see how their choice of school could impact how much they need to borrow. The government offers forgiveness to eligible borrowers who are employed by a U.S. federal, state, local or tribal government or qualifying nonprofit organization. There's also a teachers loan-forgiveness program.

For private loans, common repayment plans include immediate repayment, interest-only repayment, partial-interest repayment and full deferment, though options vary by lender, according to Credible.

Cheryl Winokur Munk is a writer in West Orange, N.J. She can be reached at ***reports@wsj.com.***

ALEX NABAUM

Category Kings in 9 Realms

Top-performing funds in each category, ranked by one-year total returns (changes in net asset values with reinvested distributions) as of Sept. 29; assets are as of Aug. 31. All data are final.

Small-Cap Core

	Symbol	Assets ($ millions)	3rd-qtr (%)	YTD	Total return (%) 1-yr*	5-yr*	10-yr*
GMO:Sm Cap Quality;VI	GSBGX	73.0	0.7	21.6	**37.5**	N.A.	N.A.
Hennessy:Crnst MdCp;Inv	HFMDX	613.6	1.4	20.1	**33.1**	12.9	10.9
Pacer US SC Csh Cws 100	CALF	3,346.9	3.0	17.4	**30.0**	9.3	N.A.
RBB:WPG Sel SmCp V;Inst	WPGSX	107.4	−5.3	8.4	**28.2**	N.A.	N.A.
Hennessy:Crnst Gro;Inv	HFCGX	173.7	4.7	11.0	**27.4**	8.3	9.3
Category Average:		555.6	−3.9	2.8	**12.8**	3.8	6.8
Number of Funds:			993	986	**980**	876	634

Midcap Core

	Symbol	Assets ($ millions)	3rd-qtr (%)	YTD	Total return (%) 1-yr*	5-yr*	10-yr*
Alp Arc US Quant Value	QVAL	277.6	7.8	17.2	**30.4**	5.7	N.A.
Hodges;Rtl	HDPMX	165.9	0.7	15.0	**30.1**	4.7	7.4
Tarkio	TARKX	140.6	−6.3	14.7	**26.6**	3.4	8.9
AMG RR Mid Cap Val;N	CHTTX	336.2	−0.5	9.9	**25.2**	5.9	6.8
Fidelity Adv Val Str	FSLSX	1,732.9	0.3	7.8	**22.8**	9.7	9.2
Category Average:		671.0	−4.0	2.9	**13.4**	5.8	7.8
Number of Funds:			355	349	**345**	311	216

Large-Cap Core

	Symbol	Assets ($ millions)	3rd-qtr (%)	YTD	Total return (%) 1-yr*	5-yr*	10-yr*
IMS Capital Value;Inst	IMSCX	40.7	0.2	27.7	**35.0**	6.3	6.9
IndexIQ:IQ US LC R&D Ldr	LRND	5.3	−2.0	27.2	**32.7**	N.A.	N.A.
Waycross Focused Core Eq	WAYFX	11.0	−3.8	18.3	**32.5**	N.A.	N.A.
Natixis:US Eq Opp;A	NEFSX	906.4	−2.3	21.3	**31.4**	10.0	12.5
EA Bridgeway Blue Chip	BBLU	119.3	−2.6	18.7	**30.3**	11.0	12.2
Category Average:		1,694.9	−3.2	11.5	**20.4**	9.0	10.7
Number of Funds:			697	681	**677**	559	434

Small-Cap Growth

	Symbol	Assets ($ millions)	3rd-qtr (%)	YTD	Total return (%) 1-yr*	5-yr*	10-yr*
Needham:Aggr Growth;Inst	NEAIX	287.9	−1.8	25.3	**31.1**	17.9	N.A.
Invesco S&P MidCap Qlty	XMHQ	1,272.4	−0.2	17.4	**30.6**	11.0	10.9
Virtus:KAR SmCp Cr;I	PKSFX	1,841.7	−0.8	15.6	**25.2**	12.2	14.1
Pacer Lunt MC MF Alt	PAMC	37.5	−2.5	10.5	**24.4**	N.A.	N.A.
Fuller&Thaler BSCG;Inst	FTXSX	328.0	−2.3	17.6	**22.4**	7.3	N.A.
Category Average:		739.0	−6.3	4.8	**9.6**	3.5	7.6
Number of Funds:			663	659	**654**	580	426

Midcap Growth

	Symbol	Assets ($ millions)	3rd-qtr (%)	YTD	Total return (%) 1-yr*	5-yr*	10-yr*
Inspire Faithward MC Mom	GLRY	52.2	−0.7	13.1	**25.3**	N.A.	N.A.
Wasatch:US Select;Inst	WGUSX	12.7	−4.7	14.6	**24.3**	N.A.	N.A.
Spyglass Growth;Inst	SPYGX	716.6	−1.4	24.3	**23.2**	2.8	N.A.
Transam:Mid Cap Gro;I2		412.2	−3.8	16.7	**22.3**	4.6	N.A.
Virtus:KAR SMC Core;I	VKSIX	1,369.7	−4.2	10.5	**22.2**	9.7	N.A.
Category Average:		1,182.2	−5.6	7.8	**13.4**	5.5	8.9
Number of Funds:			394	391	**391**	339	274

Large-Cap Growth

	Symbol	Assets ($ millions)	3rd-qtr (%)	YTD	Total return (%) 1-yr*	5-yr*	10-yr*
Loomis Sayles:Gro;Y	LSGRX	11737.2	−3.7	32.7	**41.0**	11.8	13.9
Dunham:Focused LC Gro;N	DNFGX	162.3	−6.5	31.6	**39.3**	8.9	11.5
Invesco ESG NASDAQ 100	QQMG	18.1	−2.7	35.2	**38.2**	N.A.	N.A.
FIIG US LC Eq Env SV	ILESX	0.2	−3.8	24.0	**35.9**	N.A.	N.A.
Fidelity Srs BlueChp G	FSBDX	8,735.1	−2.6	36.2	**35.8**	14.4	N.A.
Category Average:		2,398.4	−3.5	22.9	**26.0**	9.6	12.2
Number of Funds:			687	675	**667**	585	458

Small-Cap Value

	Symbol	Assets ($ millions)	3rd-qtr (%)	YTD	Total return (%) 1-yr*	5-yr*	10-yr*
Invesco SC Value;Y	VSMIX	3069.5	2.4	10.0	**32.0**	12.0	10.3
Pzena Small Cap Val;Inst	PZISX	43.4	1.0	8.1	**30.6**	5.6	N.A.
Brandes Inv:SC Val;I	BSCMX	10.1	1.0	14.1	**29.3**	9.4	N.A.
Aegis Value;I	AVALX	345.9	1.6	7.4	**29.0**	15.3	9.0
Adirondack:Small Cap	ADKSX	35.3	2.2	6.3	**27.6**	3.8	5.9
Category Average:		450.8	−1.8	2.6	**15.0**	4.6	6.2
Number of Funds:			159	158	**157**	135	103

Midcap Value

	Symbol	Assets ($ millions)	3rd-qtr (%)	YTD	Total return (%) 1-yr*	5-yr*	10-yr*
Hotchkis:Mid Cap Val;I	HWMIX	479.7	5.9	9.7	**28.7**	5.5	6.8
Vident US Equity Strat	VUSE	602.5	−2.0	13.0	**27.2**	7.9	N.A.
Vanguard Sel Value;Inv	VASVX	6,333.9	−2.2	8.6	**26.1**	8.1	8.3
Longleaf Partners	LLPFX	1,402.1	−1.8	15.3	**25.2**	1.9	4.0
Invesco Val Opps;A	VVOAX	3,013.9	1.9	4.0	**23.8**	9.4	8.7
Category Average:		933.9	−3.0	1.5	**14.0**	5.3	7.3
Number of Funds:			152	150	**150**	136	98

Large-Cap Value

	Symbol	Assets ($ millions)	3rd-qtr (%)	YTD	Total return (%) 1-yr*	5-yr*	10-yr*
Fidelity Mega Cap Stock	FGRTX	1858.1	−1.0	14.8	**30.9**	10.9	11.4
Fidelity Lrg Cap Stk K6	FCLKX	$36.3	−0.6	13.2	**30.3**	10.1	N.A.
Artisan:Value Fund;Inst	APHLX	304.0	−2.2	13.4	**29.4**	8.7	9.2
Selected American Shs;D	SLADX	1,595.9	−1.8	16.6	**28.9**	5.9	8.9
Davis:NY Venture;A	NYVTX	6,118.5	−1.8	14.9	**28.4**	5.2	8.5
Category Average:		2,210.3	−2.6	3.3	**16.5**	6.9	8.7
Number of Funds:			346	340	**336**	305	259

N.A.: Not applicable; fund is too new * Annualized Note: For funds with multiple share classes, only the largest is shown.

Source: Refinitiv Lipper

Winners and Losers

Best– and worst–performing stock funds for the periods ended Sept. 29; assets as of Aug. 31 and include all share classes. Performance data are final and include share prices and reinvested dividends.

Third-Quarter Best Performers

Fund Name	Assets ($ millions)	Performance (%) Sept.	3rd–qtr	1–year
AdvsrShs MSOS 2x Daily	14.2	29.9	**74.3**	−59.4
MAX Airlines -3X Inv Lev	4.2	34.1	**61.9**	N.A.
Roundhill Cannabis ETF	2.6	21.1	**49.2**	−13.1
ProShs II:Ult Blm CrO	678.5	10.1	**48.5**	34.4
MS US BO Idx 3X Lvrgd	1,754.3	7.1	**47.2**	45.7
Direxion:S&P Btech Br 3X	50.5	26.4	**45.1**	−11.2
AdvsrShs Pure USCannabis	459.8	18.2	**44.6**	−10.9
Sprott Uranium Miners	1,074.0	23.6	**41.2**	45.7
Sprott Junior Uranm Mnrs	54.4	25.0	**39.2**	N.A.
iShares:MSCI Turkey	220.5	4.0	**38.6**	81.8
MS Energy 3X Leveraged	3.2	6.0	**35.9**	N.A.

Third-Quarter Worst Performers

Fund Name	Assets ($ millions)	Performance (%) Sept.	3rd–qtr	1–year
NXG Global Clean E;I	0.6	−3.7	**−44.8**	−43.9
MAX Airlines 3X Lev	3.6	−27.1	**−42.6**	N.A.
Direxion:Gl Cln En Bl 2X	3.9	−18.1	**−38.7**	−47.2
MS US BO Idx -3X Inv Lev	115.2	−9.4	**−37.2**	−65.4
MS Gold Minrs 3X Lv	128.0	−26.1	**−36.0**	−19.7
Direxion:S&P Btech Bl 3X	1,066.7	−22.8	**−35.8**	−45.6
MS Energy -3X Inv Lv	3.5	−9.5	**−34.4**	N.A.
ProShs II:UlS Blm CrO	219.6	−9.4	**−34.2**	−44.5
KraneShs:Glb Crbn OffStr	1.2	−9.6	**−33.5**	−87.8
VelShs 3x Long Nat Gas	0.1	−17.9	**−33.4**	−99.5
MS O&G Expl & Pr -3X IL	19.1	−7.1	**−31.8**	−63.7

Five-Year Best Performers

Fund Name	Assets ($ millions)	Performance (%) 3rd–qtr	1–year	5–year*
iPath ETN Glbl Carbon A	7.2	−7.5	23.5	**31.8**
Invenomic;Instl	1,469.6	5.3	31.6	**28.4**
ProShares:Ult Semicond	322.2	−8.9	169.7	**28.4**
ProFunds:Semiconduct;Inv	133.9	−6.0	123.5	**27.3**
MS FANG+ Index 2X Lev	192.4	−12.2	109.5	**27.3**
Fidelity Sel Semicnd	11,473.5	−5.8	71.1	**26.0**
Fidelity Adv Semicnd;A	1,413.9	−5.7	68.6	**25.2**
Baron Partners Fund;Inst	6,755.9	−7.2	6.0	**24.8**
VanEck:Semiconductor	10,205.5	−4.8	58.4	**23.6**
iPath Bloomberg Sugar A	10.3	18.3	85.0	**23.0**
iShares:Semiconductor	9,190.2	−6.2	50.5	**22.0**

Five-Year Worst Performers

Fund Name	Assets ($ millions)	Performance (%) 3rd–qtr	1–year	5–year*
VelShs 3x Long Nat Gas	0.1	−33.4	−99.5	**−86.4**
VelShs Dly 2x VIX ST ETN	0.2	−18.7	−94.5	**−81.7**
Direxion:Semicnd Bear 3X	809.7	15.1	−83.6	**−74.8**
MS FANG+ Idx -3X Inv Lev	206.9	10.7	−84.7	**−71.5**
ProShs II:UltVIX STF ETF	322.6	−12.4	−87.4	**−66.2**
Direxion:Jr Mnr Bear 2X	83.2	18.4	−40.0	**−66.1**
ProShs II:Ult Blm Nat Gs	931.9	−22.3	−94.9	**−61.1**
Direxion:Tech Bear 3X	106.6	19.4	−69.9	**−60.7**
Direxion:S&P OG EP Bl 2X	675.3	29.6	25.3	**−60.0**
Direxion:Gold M Id Br 2X	89.4	22.7	−38.5	**−56.3**
ProShares:UlS Semicond	6.6	2.0	−77.7	**−56.2**

One-Year Best Performers

Fund Name	Assets ($ millions)	Performance (%) Sept.	3rd–qtr	1–year
ProShs II:UlS Blm Nat Gs	104.0	13.3	11.6	**254.0**
VS:-1x Short VIX Futures	105.3	−9.7	−0.4	**171.2**
ProShares:Ult Semicond	322.2	−17.0	−8.9	**169.7**
MS FANG+ Index 3x Lev	2,390.6	−18.4	−20.0	**154.7**
Direxion:Hbldrs&Sup Bl3X	239.7	−26.6	−27.8	**153.4**
MS Sol FANG & Innov 3X	647.9	−18.0	−13.2	**140.8**
ProFunds:Semiconduct;Inv	133.9	−12.9	−6.0	**123.5**
Direxion:Semicnd Bull 3X	7,595.4	−20.8	−24.1	**117.7**
MS FANG+ Index 2X Lev	192.4	−12.3	−12.2	**109.5**
ProFunds:O & GE &SUS;Inv	15.3	4.2	34.0	**105.3**
Direxion:Tech Bull 3X	2,611.5	−19.6	−20.4	**102.3**

One-Year Worst Performers

Fund Name	Assets ($ millions)	Performance (%) Sept.	3rd–qtr	1–year
VelShs 3x Long Nat Gas	0.1	−17.9	−33.4	**−99.5**
VS:2x Long VIX Futures	83.5	12.6	−21.9	**−95.0**
ProShs II:Ult Blm Nat Gs	931.9	−13.9	−22.3	**−94.9**
VelShs Dly 2x VIX ST ETN	0.2	14.8	−18.7	**−94.5**
KraneShs:Glb Crbn OffStr	1.2	−9.6	−33.5	**−87.8**
ProShs II:UltVIX STF ETF	322.6	11.8	−12.4	**−87.4**
Convxty 1.5x SPIKES Ftr	0.4	8.7	−14.4	**−87.0**
AXS 1.25X NVDA Bear Dly	92.3	17.1	−6.1	**−86.0**
MS FANG+ Idx -3X Inv Lev	206.9	19.5	10.7	**−84.7**
Direxion:Semicnd Bear 3X	809.7	23.3	15.1	**−83.6**
MS Sol FANG & Innov -3X	15.8	18.2	1.0	**−83.2**

10-Year Best Performers

Fund Name	Assets ($ millions)	Performance (%) 3rd–qtr	1–year	10–year*
Direxion:Tech Bull 3X	2,611.5	−20.4	102.3	**39.0**
Direxion:Semicnd Bull 3X	7,595.4	−24.1	117.7	**36.7**
ProShares:Ult Semicond	322.2	−8.9	169.7	**36.2**
ProShares:UltP QQQ	18,943.1	−12.9	88.1	**34.5**
iPath ETN Glbl Carbon A	7.2	−7.5	23.5	**32.9**
ProShares:Ult Tech	592.3	−13.1	65.7	**30.7**
ProFunds:Semiconduct;Inv	133.9	−6.0	123.5	**30.0**
Direxion:MND Bl 1.75;Inv	360.9	−6.7	55.7	**28.9**
ProShares:Ult QQQ	5,169.7	−7.9	62.4	**28.2**
Rydex:NASDAQ 2x;H	739.9	−8.0	62.0	**27.3**
ProFunds:UltraNASDAQ;Inv	733.4	−8.0	61.9	**27.1**

10-Year Worst Performers

Fund Name	Assets ($ millions)	Performance (%) 3rd–qtr	1–year	10–year*
VelShs Dly 2x VIX ST ETN	0.2	−18.7	−94.5	**−83.6**
VelShs 3x Long Nat Gas	0.1	−33.4	−99.5	**−79.0**
ProShs II:UltVIX STF ETF	322.6	−12.4	−87.4	**−76.7**
Direxion:Semicnd Bear 3X	809.7	15.1	−83.6	**−68.5**
Direxion:Tech Bear 3X	106.6	19.4	−69.9	**−55.8**
Direxion:Gold M Id Br 2X	89.4	22.7	−38.5	**−54.7**
ProShs II:Ult Blm Nat Gs	931.9	−22.3	−94.9	**−54.1**
ProShares:UltP Sht QQQ	3,705.3	10.1	−65.3	**−51.8**
ProShares:UlS Semicond	6.6	2.0	−77.7	**−49.9**
ProShs II:VIX ST Fut ETF	184.3	−6.6	−72.7	**−47.9**
VelShs VIX ShTm ETN	0.6	−6.2	−72.3	**−47.6**

Note: For funds with multiple share classes, only the largest is shown *Annualized N.A. = not applicable, fund is too new

Source: Refinitiv Lipper

ANGEL GARCIA/BLOOMBERG NEWS

Is Bitcoin an Inflation Hedge?

Here Are the Arguments on Both Sides

BY DAN WEIL

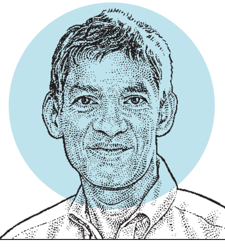
BITCOIN ADVOCATES have talked up a number of selling points over the cryptocurrency's 14-year history. It is anonymous. It lets you make secure transactions without getting a bank involved.

And then there is one particularly contentious argument: Bitcoin is a hedge against inflation, much like gold.

Why? There is a limited supply of bitcoins. Only 21 million can be mined—a limit set by the currency's founder, who has the pseudonym Satoshi Nakamoto—and there already are about 19.5 million in existence. That constraint, advocates say, means bitcoin is protected from the inflationary pressures that can afflict other currencies.

But bitcoin's record as an inflation hedge has been mixed. For example, when inflation surged from late 2020 until June 2022, bitcoin's value did rise, but with big moves up and down along the way. And as inflation has slid since June 2022, bitcoin has continued to bounce around, now standing little-changed from early that month.

ZACH PANDL



ESWAR PRASAD

Given this volatility, bitcoin naysayers say, the cryptocurrency is more a vehicle for speculation than a hedge against inflation. Also, they say, there is no reliable method for valuing bitcoin, and its lack of central-bank backing makes it even riskier.

So, is bitcoin an inflation hedge? Does it have the potential to serve as a store of value? We asked two experts on opposing sides of the issue.

On the "yes" side is Zach Pandl, managing director of research for digital-currency asset manager Grayscale Investments. On the other side is Cornell University professor of trade policy Eswar Prasad.

Here is a closer look at their arguments.

YES:

Scarcity makes bitcoin valuable

Bitcoin has some of the same characteristics as assets that have historically outperformed during inflationary periods, such as gold, Pandl says. And it offers unique features that make it better-suited as an inflation hedge down the road.

The biggest element it has in common with traditional hedges: scarcity. But unlike those other assets, bitcoin's scarcity is guaranteed. Take gold, for instance. "While estimates exist, the absolute amount of gold that will ever exist is unknown," he says.

True, bitcoin isn't backed by anything tangible in the real world. But consider this, Pandl says: According to the World Gold Council, he says, 85% of the aboveground gold stock is used for jewelry or investment purposes (in which he includes official holdings in central banks). So gold, too, is largely a speculative vehicle, not an asset with widespread uses. Gold "has value because of social agreement," even if it has ancient roots, he says.

Meanwhile, bitcoin's value isn't just guaranteed by scarcity. The cryptocurrency is entirely digital, which gives it advantages that concrete investments don't have, such as portability for all investors, Pandl says. Cryptocurrency holders "can access their bitcoin anywhere in the world as long as they can connect to the internet and have their private key," he says.

Bitcoin is also divisible into smaller units for transactions, which gold isn't. That means investors can buy and sell smaller denominations of bitcoin than, say, physical gold or gold ETFs, which gives buyers and sellers the freedom to make transactions that suit their needs more closely.

More broadly, Pandl says, bitcoin is built on technologies that will become widespread in the future—public blockchains, which can handle financial transactions securely without the need for a central authority. As our lives blend the digital and physical with technologies such as artificial intelligence, he says, bitcoin will be viewed as a more natural store of value than an asset like physical gold.

"Bitcoin will continue to capture market share from gold as an inflation-hedging asset better suited for our globalized and digitized age," Pandl says.

In fact, he thinks bitcoin's movement over the past 3½ years already has shown it to be an inflation hedge. Bitcoin began a 20-month surge in March 2020, shortly after the initial Covid outbreak in the U.S., rising by more than 1,100% at its peak on Nov. 7, 2021. Gold rose 9% over the same period.

That gain came "as the economy recovered and the Federal Reserve overstimulated the economy," Pandl says. And the digital currency's high arrived as the central bank said it would start to tighten monetary policy.

"This is exactly what we would expect from an inflation-hedge asset," he says. "Outperformance when the central bank is too dovish and causing inflation, and underperformance when the central bank turns hawkish in an effort to bring inflation back down."

NO:

Bitcoin is speculative and volatile

The fundamental issue for bitcoin is what gives it value, Prasad says, and its only value is scarcity. In contrast to the dollar, which the Fed can create in infinite amounts, bitcoin has its 21 million cap.

The idea is that something scarce will preserve its value better if the money supply increases, Prasad says. "But there is no intrinsic value for bitcoin, because it's a purely speculative financial asset. There's no valuation model," he says.

True, he says, bitcoin is scarcer than gold—but bitcoin isn't being used for much outside of speculative transactions, while "gold has some intrinsic value for industrial and jewelry usage."

There are other issues that limit bitcoin's value as a hedge, Prasad says. For one thing, the technology isn't as reliable as it looks. "It's supposedly a medium of exchange without a traditional intermediary like a bank," he says. But "it's volatile and inefficient in transactions. The blockchain system can't handle a lot of bitcoin transactions at once."

Swings in price are a big issue. "Bitcoin provides a pretty good return sometimes, but there's the large volatility," he says. "Given that it is a speculative asset, we have seen it behave like other risky assets. It can be much more volatile than stocks."

Measured daily over the past three years, bitcoin put up a standard deviation of 3.4 from its average price—a measure of volatility, with higher being more volatile—while stocks were at 1.1 and gold just 0.9, Prasad says.

Consider bitcoin's price swings since 2020. On March 8 of that year, bitcoin was trading at $5,392. A little over a year later, on April 4, 2021, it had soared to $60,205. Within three months, the price had dropped by almost half, then more than doubled about four months later. After more swings in between, on Oct. 6 of this year, the price stood at $28,005.88.

"Bitcoin's price fluctuations over the past year hardly lend credence to the view that it is an effective hedge against inflation," Prasad says. "Rather, much like other risky assets, its prices seem to be influenced by macro factors, such as policy interest rates and liquidity conditions. But it is subject to much larger speculative swings in prices than many traditional asset classes."

Those who bought bitcoin in the early years of its existence have made a fortune, Prasad acknowledges. But that has nothing to do with bitcoin being an inflation hedge. And "if you have timed your purchases badly over the past few years, you have lost," he says.

Dan Weil is a writer in West Palm Beach, Fla. He can be reached at reports@wsj.com.

Factor ETFs Promise Outsize Returns. They're Not Delivering, Research Finds.

Most of the groupings also have higher volatility than the S&P 500

BY DEREK HORSTMEYER

FACTOR ETFS arrived in the past decade as another way to invest in particular subclasses of stocks and receive risk-adjusted, benchmark-beating performance over the long run. As it turns out, they appear to lack the X factor.

These exchange-traded funds aim to isolate an equity factor or trait that is believed to generate higher risk-adjusted returns—such as value or low volatility. Examining six categories of factor ETFs, however, my research assistants John Walton and Ben Korhnak and I find no evidence that over the past 10 years any of them have outperformed. And for half of the groups, volatility exceeded that of the S&P 500.

To study this issue, we pulled all factor ETFs issued in the U.S. and dollar-denominated issues, and separated them by their respective factor categories: size, minimum volatility, momentum, multifactor, international and quality. We then investigated the past 10 years of data and calculated the median return and volatility within each factor grouping.

Fear Factor

So-called factor funds have largely lagged behind the S&P 500 in returns, and half have been more volatile than the stock index.

	MEDIAN MONTHLY RETURN (PERCENT)	VOLATILITY ANNUALIZED (PERCENT)	CORRELATION WITH THE S&P 500
S&P 500	**1.778%**	**14.856%**	**1.000**
Quality Factor	1.345	14.729	0.989
Size Factor	1.178	16.382	0.926
Momentum Factor	1.611	14.922	0.942
Minimum Volatility Factor	1.067	11.658	0.913
International Factor	1.193	13.459	0.894
Multifactor	1.350	14.917	0.968

*The table presents results for six categories of equity factor ETFs over the past 10 years. The S&P 500 returns and performance are also included for comparison.
Source: Derek Horstmeyer, George Mason University

The findings

Although the theory is that these factors will generate superior performance over the long run, not one of the factor ETF groupings did so over the past decade. The S&P 500's median monthly return over the past 10 years was 1.78%, and the closest a factor group's return came to that was momentum with 1.61%.

A second finding: Some of the factor groupings had higher volatility than the S&P 500. Take the size-factor ETF grouping, which had a median monthly return of 1.18% and volatility of 16.38% a year. The median monthly return for the S&P 500 was more than half a point higher and with volatility of only 14.86% a year.

On an unadjusted basis, the factor ETF with the worst performance was minimum-volatility, coming in at a monthly median return of 1.07%. However, it did live up to its name and deliver on low volatility, coming in with the lowest volatility of all groupings—11.66% volatility a year over the 10-year period.

Debunking diversification

Of course, there may be other reasons to consider factor ETFs aside from their risk-adjusted performance metrics. It may, for instance, provide diversification to your portfolio.

ALEX NABAUM

To study this aspect of these ETFs, we examined the correlation each ETF with the S&P 500 over the past 10 years. Again, we don't find significant correlation benefits in any of the subgroupings. And that means that by adding any factor ETFs to your equity portfolio, it won't reduce your risk, or volatility, by any meaningful amount.

The factor ETF with the lowest correlation was the international-factor ETF and even this came in with a 0.89 correlation (where a correlation of one means perfect movement with the S&P 500). For context, the average bond ETF came in with a 0.30 correlation with the S&P 500 over the same period—offering much more diversification benefits to any portfolio.

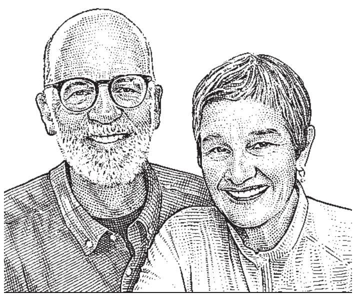
The evidence over the past 10 years is pretty bleak for factor ETFs. Not one grouping managed to beat the S&P 500 and they don't offer too much in terms of diversification benefits. With numerous S&P 500 ETFs offering expense ratios under 0.05 percentage point a year and tax-efficient structures, these still seem a better bet than exotic factor ETF offerings.

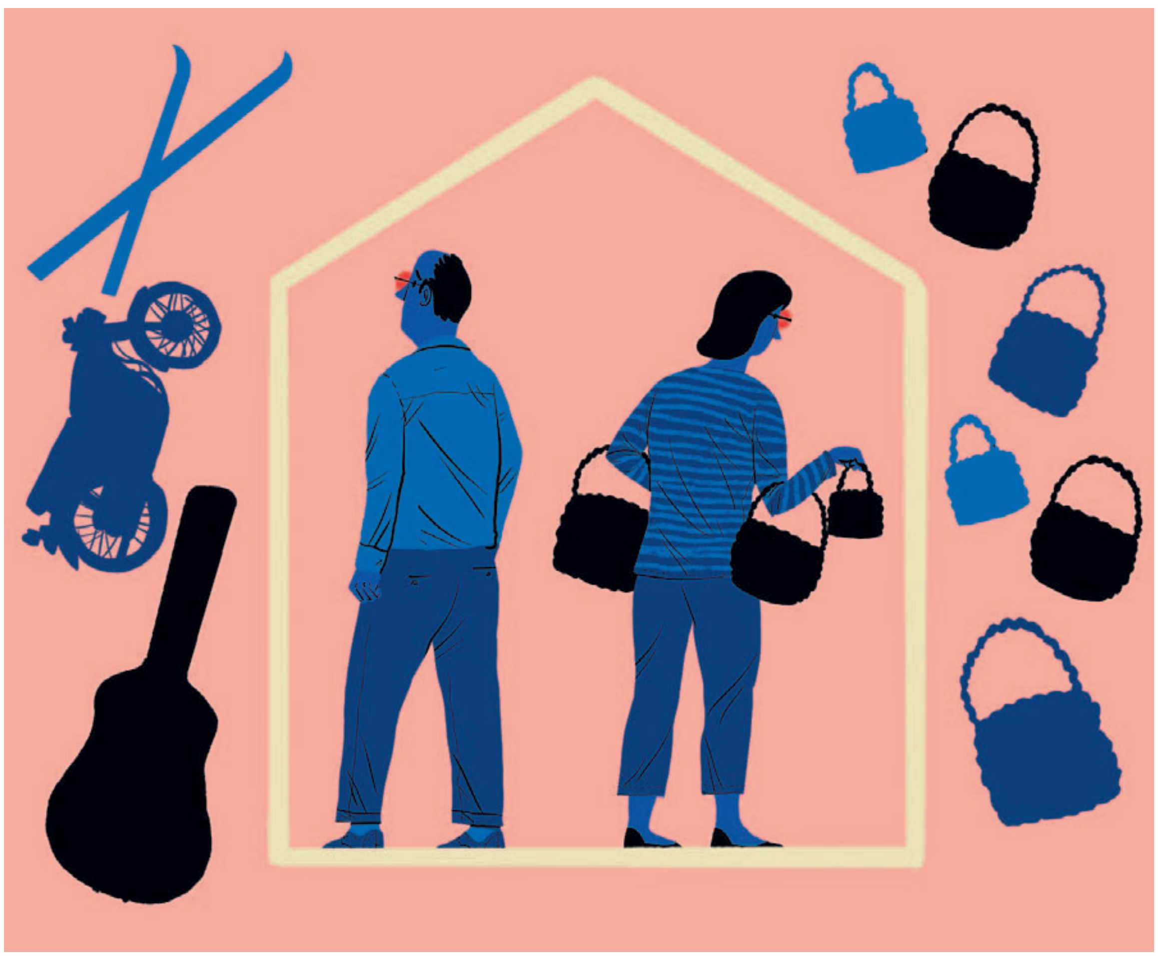
Derek Horstmeyer is a professor of finance at George Mason University's business school in Fairfax, Va. He can be reached at reports@wsj.com.

Retirement Rookies • Karen Kreider Yoder and Stephen Kreider Yoder

Retirement Is a Time to Downsize—and Not Just Stuff

We're getting rid of a lot of unused things, as well as rethinking our ambitions





PAUL BLOW

The first year *in retirement is often the most difficult. But it can set the stage for how you'll fill the years ahead—both financially and psychologically. Stephen Kreider Yoder, a longtime Wall Street Journal editor, joined his wife, Karen Kreider Yoder, in retirement a year ago. In this monthly column, the 66-year-olds chronicle some of the issues they are dealing with early in retirement.*

• **KAREN:** In the kitchen, I look up at my woven companions—16 baskets atop the cabinets. They're from a dozen countries, and they radiate warm memories.

But wait, do I need so many baskets? And 40 more are around the house, many as decorations or stored in closets.

I'm trying to get rid of stuff methodically early in retirement, and it's beginning to feel like a steady job. There's no urgency. But when the time comes for a smaller place, I want to be ready. That time could come any time.

I want to winnow our possessions before there's a health crisis or moving van at the door, while I can do the hard work of organizing and categorizing, of identifying what I need long term, what to disperse and what to pitch.

It's partly psychological. As I age, I find I have less room in my head to keep track of things. And the sheer numbers of some possessions create a growing mental tension.

We were ahead of the game when we retired. We moved a dozen times in 44 years, each time purging a bit. Helping our parents downsize inspired us often to do a sweep of our own when we got home.

Now that we're both retired, I've created some downsizing categories to keep me from being overwhelmed:

• **Don't use it, don't need it.** Old electronics and orphaned cords. Knickknacks without sentimental value. My 20 thimbles from around the world, only one of which I ever use. The 150 beautifully sharpened No. 2 pencils in a row of blue-and-white ceramic pots, one labeled "Pencil Collectors Society."

I'll use perhaps a dozen pencils the rest of my life. The others can be off to Goodwill now, along with everything else in this category.

• **Things we use now but won't in a smaller space.** Some of the guest-room furniture, extra chairs, large house plants, the piano, a rusty wheelbarrow. We should do an inventory now and label what we'll ditch when we move.

• **Stuff only I can handle.** My childhood report cards, recital programs, work accomplishments, letters and such are a priority for thinning out now. Nobody else can make sense of them, but it can feel like throwing away bits of myself.

"But Mom, you have to save all of that," says our son Isaac. "It's like your personal legacy." Maybe I'll keep more than I intended, for our boys to root through as a window into my youth. (But, I wonder, will they really care about those report cards?) At least, though, I should organize it.

• **Family heirlooms and mementos.** These, too, are hard to part with, imbued with family history and shared memories.

We aren't antiquers, but we do have a few elegant old Japanese tansu cabinets the kids grew up with. And I have about 25 quilts, some I made starting at age 7, and many from family and friends. They are works of art and full of memories but too many to fit in a condo.

The boys say they want some but are still too mobile, so at least I should plan for who gets what.

• **Things I want by my side through older years.** Family photos. My Japanese pottery. Journals from our travels. My quilt frame.

And baskets. I have always cherished handmade baskets. My first is from South Dakota, where at 16 I learned willow-basket making from two local weavers. I can't part with it.

When our son Levi is home, we eat sticky rice with our fingers out of little lidded Laotian rice baskets, recalling Laos when he was age 2 and clutched his sticky-rice basket as we bicycled around Luang Prabang.

Five dozen baskets is too many now. How many is just enough?

• **STEVE:** A classical guitar in its case stares at me from a corner of the bedroom. "Play me," it taunts, and I look the other way.

Maybe it's time I got rid of my lonely 1972 Alvarez Yairi as part of our gradual downsizing.

A tougher thought: I should probably also downsize my pipe dream of someday playing a guitar even moderately well, along with dozens of other unrequited ambitions I've clung to for decades. And I've got a few erstwhile passions I might best surrender now as well.

Karen talks of ditching stuff, and I've got plenty of boxfuls to sacrifice—textbooks, decrepit power tools, hardware that definitely might come in handy some time.

I also should release one or both of my vintage Honda motorcycles, which I'm sentimentally attached to but haven't ridden in ages.

But for me, downsizing is more than getting rid of stuff. It's about getting rid of conceptions of myself—of who I was, who I am and who I want to be.

That is, I should sell my motorcycles not just because they take space, but also because I think I've permanently moved on from motorcycling, my passion for decades starting at age 12. Same with my skis and skiing.

Retirement has had a way of giving me permission to begin letting go—of my professional identity, my urge to do financial planning without help, the delusion that I'll be fit forever. That permission makes it a good time for some wanna-do triage.

There are things I still intend to get to, now that I have more time. I want to weld better, brush up my Spanish, improve my swimming, study more history and learn to drive an 18-wheeler. There are activities we're already stepping up, like traveling more in Africa, cycling around America, visiting family and seeking long-term volunteering opportunities that match our skills.

But finding time for all of it requires that I liberate other I-will-get-to-its that are increasingly a mental burden. I will probably never learn Arabic and should forgive myself of that, and French. I can get rid of the beer-brewing equipment I bought when I was 23 and discharge the notion that I'll ever learn to use it.

I will probably never write a book; may I free myself from that weight? I hereby declare I can die happy enough without visiting Machu Picchu, the Galápagos or Rome as I'd once hoped to do. There are plenty of other places we want to go, and not time for everywhere.

Our house is a standing to-do list of fun projects I've put off and may never get to—or shouldn't, lest I fall off a ladder and meet an untimely demise. Let's just release some of those projects, too.

When I bought the Alvarez in 1981, my guitar teacher said I had talent. His kind words kindled my decadeslong conviction that I would learn to play it well, eventually. We moved to Japan the next year, and I took along the guitar but didn't find a teacher—temporarily, I told myself.

The guitar moved with us many times until 2012, when Karen bought me lessons with a fabulous teacher for my birthday and I began learning again. I did pretty well, even playing in a few modest recitals. But I dropped it—temporarily, I said—when we moved out of town for a year.

Now there it sits. It's time to set it free.

Or is it? I finally have the bandwidth. I just opened the case, and only one string is broken, a good omen. Maybe this time I really can learn to play it.

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Mutual-Fund Yardsticks: How Fund Categories Stack Up

Includes mutual funds and ETFs for periods ended Sept. 29. All data are final.

Investment objective	Performance (%) September	3rd-qtr	1-yr	5-yr*
Diversified stock & stock/bond funds				
Large-Cap Core	–4.7	**–3.2**	20.4	9.0
Large-Cap Growth	–5.5	**–3.5**	26.0	9.6
Large-Cap Value	–3.5	**–2.6**	16.5	6.9
Midcap Core	-4.6	**–4.0**	13.4	5.8
Midcap Growth	–5.5	**–5.6**	13.4	5.5
Midcap Value	–4.2	**–3.0**	14.0	5.3
Small-Cap Core	–5.2	**–3.9**	12.8	3.8
Small-Cap Growth	–6.1	**–6.3**	9.6	3.5
Small-Cap Value	–4.4	**–1.8**	15.0	4.6
Multicap Core	–4.6	**–3.6**	17.2	7.4
Multicap Growth	–5.6	**–4.9**	18.6	7.3
Multicap Value	–3.5	**–2.5**	15.2	6.2
Equity Income	–4.0	**–3.2**	13.3	6.3
S&P 500 Funds	–4.8	**–3.4**	21.1	9.5
Specialty Divers. Equity	–5.3	**–3.9**	17.8	4.0
Balanced	–3.4	**–3.1**	10.4	3.7
Stock/Bond Blend	–3.5	**–3.2**	11.7	4.0
Avg. U.S. Stock Fund†	–4.9	**–3.9**	16.3	6.1
Sector stock funds				
Science & Technology	–6.1	**–4.6**	29.2	10.8
Telecommunication	–4.8	**–3.5**	16.3	1.8
Health/Biotechnology	–5.2	**–6.8**	3.8	3.0
Utility	–5.4	**–8.8**	–4.3	4.5
Natural Resources	0.9	**12.0**	30.0	3.8
Sector	–5.5	**–4.9**	1.1	2.0
Real Estate	–6.5	**–7.3**	0.5	2.5

Investment objective	Performance (%) September	3rd-qtr	1-yr	5-yr*
World stock funds				
Global	–4.6	**–4.5**	19.0	5.6
International (ex-U.S.)	–3.9	**–5.1**	22.8	2.9
European Region	–4.7	**–6.2**	27.2	3.2
Emerging Markets	–2.7	**–3.4**	13.8	0.7
Latin American	–3.2	**–5.4**	18.8	3.8
Pacific Region	–3.0	**–4.0**	5.9	–0.3
Gold Oriented	–8.1	**–9.3**	9.1	7.3
Global Equity Income	–3.6	**–3.9**	15.9	4.4
International Equity Income	–2.4	**–2.5**	22.7	2.9
Taxable-bond funds				
Short-Term	–0.04	**0.9**	4.0	1.4
Long-Term	–2.8	**–3.3**	2.5	0.6
Intermediate Bond	–2.4	**–2.9**	1.0	0.1
Intermediate U.S.	-1.6	**–1.9**	1.1	1.4
Short-Term U.S.	–0.3	**0.4**	2.0	0.5
Long-Term U.S.	–3.7	**–5.3**	–3.5	–1.2
General U.S. Taxable	–2.2	**–2.2**	2.8	0.2
High-Yield Taxable	–1.1	**0.5**	9.5	2.5
Mortgage	–2.4	**–2.9**	0.1	–0.6
World Bond	–1.9	**–1.8**	7.1	...
Avg. Taxable-Bond Fund**	–1.4	**–1.0**	4.1	1.1
Municipal-bond funds				
Short-Term Muni	–0.4	**0.3**	1.9	0.5
Intermediate Muni	–2.1	**–2.6**	2.6	0.8
General & Insured Muni	–2.9	**–3.9**	2.5	0.5
High-Yield Muni	–3.1	**–4.2**	1.9	0.4

Stock & Bond Benchmark Indexes All total return unless noted

Investment objective	Performance (%) September	3rd-qtr	1-yr	5-yr*
Large-cap stocks				
DJIA	–3.4	**–2.1**	19.2	7.1
S&P 500	–4.8	**–3.3**	21.6	9.9
Midcap stocks				
S&P MidCap 400	–5.3	**–4.2**	15.5	6.1
Small-cap stocks				
Russell 2000	–5.9	**–5.1**	8.9	2.4
Broad stock market				
DJ U.S. Total Stock Market	–4.8	**–3.3**	20.5	9.0
Russell 3000	–4.8	**–3.3**	20.5	9.1

Investment objective	Performance (%) September	3rd-qtr	1-yr	5-yr*
Stock indexes				
DJ U.S. TSM Growth	–5.4	**–3.3**	29.2	11.8
DJ U.S. TSM Value	–4.1	**–3.2**	12.9	5.5
Taxable bonds				
Barclays Agg. Bond	–2.5	**–3.2**	0.6	0.1
Municipal bonds				
Barclays Muni. Bond	–2.9	**–3.9**	2.7	1.0
International stocks				
MSCI EAFE†† (price return)	–3.7	**–4.7**	22.3	0.6
Dow Jones World (ex. U.S.)	–3.1	**–3.3**	20.2	2.7

*Annualized †Diversified funds only **Excludes money-market funds ††Europe, Australia, Far East

Source: Refinitiv Lipper

How the Largest Funds Fared

Performance numbers are total returns (changes in net asset values with reinvested distributions) as of Sept. 29; assets are as of Aug. 31. All performance data are final.

Stock Mutual Funds and ETFs

Fund	Ticker	Assets ($ billions)	Total Return (%) 3rd-qtr	YTD	1-year	Annualized 5-year	10-year
Vanguard TSM Idx;Inst+	VSMPX	1368.87	–3.3	12.4	20.4	9.1	N.A.
Vanguard 500 Idx;Adm	VFIAX	910.67	–3.3	13.0	21.6	9.9	11.9
Fidelity 500 Index Fund	FXAIX	432.52	–3.3	13.1	21.6	9.9	11.9
SPDR S&P 500 ETF	SPY	412.80	–3.3	13.0	21.5	9.9	11.8
Vanguard Tot I S;Inv	VGTSX	378.12	–4.0	5.0	20.4	2.7	3.5
iShares:Core S&P 500	IVV	354.39	–3.3	13.1	21.6	9.9	11.9
Vanguard Instl Indx;InsP	VIIIX	255.40	–3.3	13.1	21.6	9.9	11.9
American Funds Gro;A	AGTHX	235.33	–2.4	20.0	22.7	8.3	11.4
Invesco QQQ Trust 1	QQQ	206.66	–2.9	35.1	35.0	14.8	17.4
American Funds Bal;A	ABALX	202.29	–2.9	3.8	12.1	5.4	7.3
Vanguard Gro Idx;ETF	VUG	182.60	–3.7	28.3	28.1	12.0	13.6
Vanguard Dev Mkt;ETF	VEA	167.35	–4.7	5.9	24.1	3.2	4.0
American Funds Wash;A	AWSHX	160.36	–2.2	5.3	18.0	8.7	10.5
Vanguard Val Idx;ETF	VTV	149.43	–2.3	0.2	14.9	7.3	9.8
Vanguard Md-Cp I;ETF	VO	146.69	–5.1	3.3	12.6	6.5	9.1
American Funds EuPc;R6	RERGX	134.70	–6.3	5.2	19.6	3.1	4.6
Vanguard S-C Id;Adm	VSMAX	124.90	–4.6	4.2	12.5	4.6	8.0
American Funds NPer;A	ANWPX	120.84	–4.4	11.9	21.3	8.0	9.5
American Funds ICA;A	AIVSX	118.18	–2.4	13.0	25.7	8.3	10.3
American Funds FInv;A	ANCFX	118.05	–2.8	11.1	23.1	7.8	10.3

Bond Mutual Funds and ETFs

Fund	Ticker	Assets ($ billions)	Total Return (%) 3rd-qtr	YTD	1-year	Annualized 5-year	10-year
Vanguard Tot Bd;Adm	VBTLX	297.19	–3.1	–0.9	0.7	0.1	1.1
Vanguard Tot Bd II;Inst	VTBNX	255.05	–3.1	–0.9	0.7	0.1	1.1
PIMCO:Income;Inst	PIMIX	128.24	–0.5	3.2	6.8	2.4	4.0
Vanguard Tot Itl B2;Inst	VTILX	101.15	–1.5	2.2	2.2	N.A.	N.A.
iShares:Core US Agg Bd	AGG	93.28	–3.2	–1.0	0.6	0.1	1.1
Vanguard Tot Itl Bl;ETF	BNDX	86.94	–1.5	2.2	2.2	0.02	1.8
American Funds Bond;A	ABNDX	76.15	–3.1	–1.9	0.1	0.6	1.3
Vanguard Int-Tm TxEx;Adm	VWIUX	70.35	–2.9	–0.6	3.1	1.4	2.2
Fidelity SA Core Inc	FIWGX	66.85	–2.9	–0.3	1.6	N.A.	N.A.
Dodge & Cox Income;I	DODIX	65.75	–2.8	0.4	3.1	1.3	2.2
MetWest:Total Rtn;I	MWTIX	61.32	–3.6	–1.4	0.3	0.1	1.2
Fidelity US Bond Index	FXNAX	59.91	–3.2	–1.0	0.6	0.1	1.1
Vanguard Sh-Tm B;ETF	BSV	59.46	0.2	1.4	2.6	1.1	1.0
Vanguard Sh-Tm Inv;Adm	VFSUX	56.23	0.4	2.1	3.9	1.5	1.6
PIMCO:Tot Rtn;Inst	PTTRX	53.89	–2.8	–0.6	1.2	0.2	1.3
Vanguard ST IPSI;Adm	VTAPX	52.88	0.5	2.0	3.3	2.8	1.6

Note: For funds with multiple share classes, only the largest is shown. N.A.: Not applicable; fund is too new or data not available

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